Court Administration
NOV 27 2024
Halifax, N.S.

2024

Hfx No. 538745

SUPREME COURT OF NOVA SCOTIA

Application by Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Applicants**") for relief under the *Companies' Creditors Arrangement Act*

AFFIDAVIT OF KEVIN ALEXANDER RICE

I, **Kevin Alexander Rice**, of Halifax, Nova Scotia, **MAKE OATH AND SAY THAT:**

1. I am the President of Blue Lobster Capital Limited ("**Blue Lobster Capital**"), 3284906 Nova Scotia Limited ("**328NSL**"), 3343533 Nova Scotia Limited ("**334NSL**") and 4318682 Nova Scotia Limited ("**431NSL**"), collectively, the "**Applicants**". As such, I have direct knowledge of the Applicants' business and financial affairs.

2. I have personal knowledge of the evidence sworn to in this affidavit except where otherwise stated to be based on information and belief.

3. This Affidavit is sworn in support of the Applicants' motion pursuant to s. 11 of the CCAA. I have reviewed the application, and the facts contained therein are true to the best of my knowledge, information, and belief. Where the information provided herein is not based on my direct knowledge of the Applicants' business and financial affairs, I have indicated the third-party source for that information.

I. APPLICANTS' BUSINESS

A. Corporate Structure:

4. Blue Lobster Capital (previously 3317427 Nova Scotia Limited) is a Nova Scotia limited company with a registered address at 99 Wyse Road, Suite 600, Dartmouth, Nova Scotia. A copy of the Entity Profile Report provided by the Registrar of Joint Stock Companies for Blue Lobster Capital is attached as **Exhibit "A"**.

5. 328NSL is a Nova Scotia limited company with a registered address at 99 Wyse Road, Suite 600, Dartmouth, Nova Scotia. A copy of the Entity Profile Report provided by the Registrar of Joint Stock Companies for 328NSL is attached as **Exhibit "B"**.

6. 334NSL is a Nova Scotia limited company with a registered address at 1767 Highway 1, Unit 195, Clementsport, Nova Scotia. A copy of the Entity Profile Report provided by the Registrar of Joint Stock Companies for 334NSL is attached as **Exhibit "C"**.

7. 431NSL is a Nova Scotia limited company with a registered address located at 1767 Highway 1, Unit 195, Clementsport, Nova Scotia. A copy of the Entity Profile Report provided by the Registrar of Joint Stock Companies for 431NSL is attached as **Exhibit "D"**.

B. Overview of Applicants' Business Operations:

8. Blue Lobster Capital is primarily a real estate investment company. It holds numerous properties (both residential and commercial) for rental purposes.

9. 328NSL, 334NSL and 431NSL (collectively, the "**NSL Companies**") operate businesses relating to the manufacturing and sale of alcoholic beverages. 334NSL operates a winery under the name "**Lost Bell Winery**". 431NSL is engaged in the production and sale of cider under the

name "**Annapolis Cider Co**". 328NSL is engaged in the production and sale of certain alcoholic beverages under the name "**Nova Scotia Spirit Co**".

10. The NSL Companies are based in Pictou County, Nova Scotia. The production facility is located at 230 Foord St in Stellarton, Nova Scotia.

11. Since its founding in late 2014, Nova Scotia Spirit Co. (or "**NS Spirits**") has demonstrated remarkable growth and strategic expansion, becoming a leader in the Nova Scotia beverage and alcohol industry.

12. NS Spirits began shipping its first products in early 2015 and thereafter experienced a period of rapid growth. From 2015 to 2019 NS Spirits had an extraordinary streak of doubling its business annually which set a strong foundation for future success.

13. In 2019 NS Spirits expanded into the "ready to drink" ("**RTD**") market and launched its own vodka soda line in collaboration with the Nova Scotia Liquor Commission. Following this, NS Sprits quickly became a market leader in RTD beverages, achieving significant distribution expansion across Atlantic Canada and Ontario.

14. In 2021 NS Spirits acquired Saint-Famille Winery and Annapolis Cider Company. These acquisitions strengthened the company's portfolio, enabling it to enter new market segments and enhance brand offerings. Through its strategic efforts, NS Spirits has made Annapolis Cider Company the number one Nova Scotia-produced cider brand.

15. At present, NS Spirits is recognized as the number one producer of spirits, cider, and RTD beverages in Nova Scotia. Collectively, NS Spirit's achievements position the company as the second-largest producer of beverage alcohol products in Nova Scotia.

16. Between 2021 to present, NS Spirits has continued to build on its successes, growing its team, expanding its manufacturing capacity, and consistently driving innovation in the beverage alcohol space.

C. Applicants' Economic Contribution:

17. As of the date hereof, the Applicants employ, directly or indirectly, between 80 -100 individuals in full and part time roles. The nature of these positions is largely in sales, manufacturing, distribution and marketing.

18. In addition, the Applicants issue outsourced contracts in the amount of $271,755.55 annually, including with professional advisory and sales agencies who support the sales and distribution of NS Spirits product.

19. The Applicants pay municipal and provincial property taxes upwards of $46,000.00 annually.

20. The Applicants' activities also support local suppliers, contractors, and other small to medium-sized businesses.

21. The Applicants' combined employees and independent contractors largely reside in Nova Scotia, pay taxes here, and employ further subtrades and support other businesses operating within the province.

22. This cumulatively results in additional substantial tax revenue to the provincial government and the various municipalities in which the Applicants operate.

D. Applicants Current Position with its Senior Creditor:

23. The Applicants are currently subject to a receivership motion brought by their senior secured lender, the Royal Bank of Canada ("**RBC**"), and wish to pursue restructuring within a CCAA proceeding instead. The Applicants believe they will be able to refinance RBC's debt in a reasonable period of time.

24. A restructuring will not be successful if the Applicants are not all included in the CCAA proceedings together. The Applicants are cross collateralized under certain debt instruments with RBC.

II. ASSETS AND LIABILITIES

A. Blue Lobster Capital Limited

25. A copy of the financial statements for Blue Lobster Capital Limited ("**Blue Lobster Capital**") for the financial year ending 2022 is attached as **Exhibit "E"** and the drafts for 2023 are attached as **Exhibit "F"**. These financial statements were prepared by prepared by Grant Thornton Ltd. ("**Grant Thornton**") in accordance with Canadian Generally Accepted Accounting Standards for such engagements.

26. According to the draft financial statements for Blue Lobster Capital for 2023, the assets of Blue Lobster Capital exceed the value of its liabilities by at least $1,280,854.00.

27. The Applicants' insolvency is not driven by liabilities exceeding asset values but solely by RBC's demand for immediate repayment in full.

28. Below is a summary of Blue Lobster Capital's key assets and liabilities:

i. Assets

28. Blue Lobster Capital is primarily a real estate holding company, and holds the following

real property assets valued at $2,423,800.00:

Address	Market Value	Assessment	Total Estimated Value
2138 Brunswick Street, Halifax, NS		1,037,500.00	1,037,500.00
14 Allen Ave, Stellarton, NS		226,600.00	226,600.00
61/63 Provost Street, New Glasgow, NS	660,000.00		660,000.00
Old Post Road Crapaud PEI		187,500.00	187,500.00
George St New Glasgow		67,000.00	67,000.00
18 Claremont Ave, Stellarton, NS		245,200.00	245,200.00
	660,000.00	**1,763,800.00**	**2,423,800.00**

29. The total book value of real estate assets is $1,703,319.00.

30. I am not aware of any regulatory, environmental or other concern regarding the above noted properties.

31. The other significant assets of Blue Lobster Capital include inventory assets of approximately $32,000.00 and prepaid expenses of approximately $18,500.00 based on the internal financials of Blue Lobster Capital as of 30 September 2024, attached hereto as **Exhibit "G"**.

ii. Liabilities

32. The total long-term debt for Blue Lobster Capital sits with RBC in the amount of $894,515.24 according to the RBC Online Banking system as of 23 November 2024. In addition to this, Blue Lobster Capital maintains a vehicle finance account with Tesla Motors ULC in the amount of $100,666.59.

Secured Liabilities

33. The Proposed Monitor will conduct a full security review to determine the relative priorities of each secured creditor, which I am informed and do verily believe they intend to have completed forthwith following the grant of the Initial Order, should the Court be so willing to grant said order.

34. Based on initial searches conducted by our counsel on the Registry of Joint Stock Companies and the Nova Scotia Personal Property Security Registry, I am informed and do verily believe that the following creditors hold security interests in Blue Lobster Capital, as follows:

(a) Royal Bank of Canada
(b) Bank of Nova Scotia
(c) Tesla Motors ULC

35. RBC provided financing to Blue Lobster Capital pursuant to a credit agreement dated 18 January 2021 and amended and restated 10 August 2021 (the "**BLC Credit Agreement**"). The credit facilities made available by RBC to Blue Lobster Capital consist of six term loan facilities and a Visa facility.

36. As security for Blue Lobster Capital's obligations to RBC under the BLC Credit Agreement, the Applicants have provided certain security to RBC, including but not limited to:

(a) General Security Agreement of Blue Lobster Capital in favour of RBC dated May 22, 2019, a copy of which is attached as **Exhibit "H"**;

(b) Guarantee from Alex Rice in favour of RBC, limited to the sum of $150,000, dated May 22, 2019, a copy of which is attached as **Exhibit "I"**;

(c) Guarantee from Alex Rice in favour of RBC, limited to the sum of $250,000, dated April 26, 2020, a copy of which is attached as **Exhibit "J"**;

(d) Guarantee from 328NSL in favour of RBC, limited to the sum of $251,000, dated April 27, 2020, a copy of which is attached as **Exhibit "K"**;

(e) Collateral Mortgage made by Blue Lobster Capital in favour of RBC dated February 4, 2020, charging the real property located at 18 Claremont Ave., Stellarton, Nova Scotia (PID No. 988246), in the principal amount of $133,000, a copy of which is attached as **Exhibit "L"**;

(f) Assignment of Rents made by Blue Lobster Capital in favour of RBC dated February 4, 2020, charging the real property located at 18 Claremont Ave., Stellarton, Nova Scotia (PID No. 988246), a copy of which is attached as **Exhibit "M"**;

(g) Collateral Mortgage made by Blue Lobster Capital in favour of RBC dated June 4, 2019, charging the real property located at 61-63 Provost Street, New Glasgow, Nova Scotia (PID 951459), in the principal amount of $200,000, a copy of which is attached as **Exhibit "N"**;

(h) Assignment of Rents made by Blue Lobster Capital in favour of RBC dated June 4, 2019, charging the real property located at 61-63 Provost Street, New Glasgow, Nova Scotia (PID 951459), a copy of which is attached as **Exhibit "O"**;

(i) Collateral Mortgage made by Blue Lobster Capital in favour of RBC dated February 4, 2020, charging the real property located at 14 Allan Ave., Stellarton, Nova Scotia (PID No. 942649), in the principal amount of $140,000, a copy of which is attached as **Exhibit "P"**;

(j) Assignment of Rents made by Blue Lobster Capital in favour of RBC dated February 4, 2020, charging the real property located at 18 Claremont Ave.,

Stellarton, Nova Scotia (PID No. 942649), a copy of which is attached as **Exhibit "Q"**;

(k) Collateral Mortgage made by Blue Lobster Capital in favour of RBC dated January 28, 2021, charging the real property located at 2138 Brunswick Street, Halifax, Nova Scotia (PID 149807), in the principal amount of $880,000, a copy of which is attached as **Exhibit "R"**;

(l) Assignment of Rents made by Blue Lobster Capital in favour of RBC dated January 28, 2021, charging the real property located at 2138 Brunswick Street, Halifax, Nova Scotia (PID 149807), a copy of which is attached as **Exhibit "S"**;

(m) Collateral Mortgage made by Blue Lobster Capital in favour of RBC dated April 28, 2022, charging the real property located at 225 Prince Street, Charlottetown, Prince Edward Island, in the principal amount of $345,000, a copy of which is attached as **Exhibit "T"**; That property was recently sold and the collateral mortgage securing this property is in the process of being discharged.

Unsecured liabilities

37. The aged accounts payable to unsecured creditors and trade suppliers total approximately $14,940 as of Sept. 30, 2024.

38. Blue Lobster Capital is not current in its payment of corporate income taxes, but it is current in its filing of corporate tax returns. Blue Lobster Capital owes approximately $134,839.70 in corporate taxes, $67,759.28 on its HST and $6,323.80 in underused housing tax.

B. 328NSL

39. A copy of the financial statements for 328NSL's financial year ended 2022 are attached as **Exhibit "U"** and for 2023 are attached hereto as **Exhibit "V"**. These were prepared by Grant Thornton in accordance with Canadian Generally Accepted Accounting Standards for such engagements.

40. According to the financial statements for 328NSL for the year ended 2023, 328NSL's assets exceed the value of its liabilities by at least $2,590,541.00.

41. Below is a summary of 328NSL's key assets and liabilities:

i. Assets

42. The value of the land and buildings owned by 328NSL are as follows:

Address	Market Value	Assessment	Total Estimated Value
228-230 Foord St Stellarton	3,307,000.00	N/A	3,307,000.00
6424 Trafalgar Road	N/A	232,000.00	232,000.00
240 Foord St Stellarton	N/A	29,500.00	29,500.00
4558 Pictou Landing Road Trenton	N/A	38,400.00	38,400.00

43. The above noted demonstrates a consolidated value of $3,606,900.00 for 328NSL's land and buildings based on appraisals and assessed values. In addition to this, 328NSL has Inventory in the amount of $2,085,000 and equipment with a net book value of $1,469,192.04

44. The total book value of 328NSL's real estate assets is $1,574,403.70.

45. I am not aware of any regulatory, environmental or other concern affecting the above noted properties.

46. The other significant assets of 328NSL includes accounts receivable ("**AR**") of approximately $179,423.00 and prepaid expenses of approximately $164,811.00 based on September 2024 internal financial statements, attached hereto as **Exhibit "W"**.

ii. Liabilities

47. The total long-term debt for 328NSL sits with RBC in the amount of $2,599,661.31 for term debt, and $709,462.64 for an RBC Operating Line, according to the RBC Online Banking as of 23 November 2024.

Secured Liabilities

48. The Proposed Monitor will conduct a full security review to determine the relative priorities of each secured creditor, which I am informed and do verily believe they intend to have completed forthwith following the grant of the Initial Order, should the Court be so willing to grant said order.

49. Based on initial searches conducted by our counsel on the Registry of Joint Stock Companies and the Nova Scotia Personal Property Security Registry, I am informed and do verily believe that the following creditors hold security interests in 328NSL, as follows:

(a) Royal Bank of Canada
(b) Bank of Nova Scotia
(c) Alex Rice
(d) Toyota Credit Canada
(e) Penske Truck Leasing Canada Inc.
(f) Locations De Camions Penske Canada Inc

50. RBC provided financing to 328NSL pursuant to a loan agreement dated January 18, 2021, and amended and restated by a loan agreement dated May 28, 2021, and May 26, 2023 (the "**328 Credit Agreement**"). The credit facilities consist of one demand loan facility, three term loan

facilities and a Visa facility. A copy of the 328 Credit Agreement (as amended and restated May 26, 2023) is attached as **Exhibit "X".**

51. As security for 328NSL's obligations to RBC under the 328 Credit Agreement, the Applicants have provided certain security to RBC, including but not limited to:

(a) General Security Agreement of 328NSL in favour of RBC dated February 21, 2018, a copy of which is attached as **Exhibit "Y".**

(b) Guarantee from Alex Rice in favour of RBC, limited to the sum of $500,000, dated February 21, 2018, a copy of which is attached as **Exhibit "Z";**

(c) Guarantee from Daniel Allen and Tracey Allen in favour of RBC, limited to the sum of $500,000, dated February 28, 2018, a copy of which is attached as **Exhibit "AA";**

(d) Collateral Mortgage made by 328NSL in favour of RBC dated May 24, 2018, charging the real property located at 230 Foord St., Stellarton, Nova Scotia, in the principal amount of $715,000, a copy of which is attached as **Exhibit "BB";**

(e) Guarantee from 334NSL in favour of RBC, limited to the sum of $7,084,000, dated February 1, 2021, a copy of which is attached as **Exhibit "CC";**

(f) Collateral Mortgage made by 328NSL in favour of RBC dated October 31, 2019, charging the real property located at 6264 Trafalgar Road, Riverton, Nova Scotia, in the principal amount of $220,000, a copy of which is attached as **Exhibit "DD";**

(g) Assignment of Rents made by 328NSL in favour of RBC dated October 31, 2019 charging the real property located at 6264 Trafalgar Road, Riverton, Nova Scotia, a copy of which is attached as **Exhibit "EE"**; and

(h) Guarantee from 431NSL in favour of RBC, limited to the sum of $7,084,000, dated June 13, 2023, a copy of which is attached as **Exhibit "FF"**.

Unsecured liabilities

52. The aged accounts payable to unsecured creditors and trade suppliers of 328NSL total approximately $1,859,237.71 as of September 30, 2024, based on 328NSL's internal financial statements, attached hereto as **Exhibit "GG"**.

53. 328NSL is not current in its payment of corporate income taxes but it is current in its filing of corporate tax returns. 328NSL owes $18,699.00, $89,610.00 on account of source deductions, $81,994.79 on account of HST, and $55,133.00 for Excise Tax.

C. 334NSL (doing business as "Lost Bell Winery")

54. A copy of the financial statements for 2023 financial year ended is attached as **Exhibit "HH"**. These were prepared by Grant Thornton in accordance with Canadian Generally Accepted Accounting Standards for such engagements.

55. According to the 334NSL's 2023 financial statements, 334NLS assets do not exceed the value of its liabilities based on assets and inventories. Based on 2023 financial statements, there is a deficit in this company of approximately -$379,100.00. There is an argument to be made that 334NSL's assets exceed liabilities if we are using appraised and assed values of land and buildings as opposed to book value.

56. Below is a summary of 334NSL's key assets and liabilities:

i. Assets:

57. The value of the land and buildings owned by 334NSL are as follows:

Address	Market Value	Assessment	Total Estimated Value
11 Dudley Park Lane	1,800,000.00	N/A	1,800,000.00
61 Dudley Park Lane	N/A	600,000.00	600,000.00
Black River Road Gaspereaux	N/A	193,200.00	193,200.00

58. The net book value of the equipment in 334NSL is $400,833.00, and the total book value of 334NSL's real estate assets is $1,112,537.00 as per the above.

59. I am not aware of any regulatory, environmental or other concern affecting the properties.

60. The other significant assets of 334NSL include accounts receivable ("**AR**") of approximately $6,718.00 and inventory of approximately $862,712.00 based on the September 2024 internals.

ii. Liabilities:

61. The total long-term debt for 334NSL sits with RBC in the amount of $995,581.10 for term debt, and $200,000.00 for the RBC Operating Line with a current outstanding on the on its RBC Operating Line of $185,000.00 according to the RBC Online Banking as of 23 November 2024.

Secured Liabilities

62. The Proposed Monitor will conduct a full security review to determine the relative priorities of each secured creditor, which I am informed and do verily believe they intend to have completed forthwith following the grant of the Initial Order, should the Court be so willing to grant said order.

63. Based on initial searches conducted by our counsel on the Registry of Joint Stock Companies and the Atlantic Personal Property Security Registry, I am informed and do verily believe that the following creditors hold security interests in 334NSL, as follows:

(a) Royal Bank of Canada

64. The particulars of the debt facilities and security interests are set out below.

65. RBC provided financing to 334NSL pursuant to a pursuant to a credit agreement dated January 18, 2021, and amended and restated by a loan agreement dated August 10, 2021 (the "334 Credit Agreement"). The credit facilities consist of two term loan facilities, one demand loan facility, one lease facility and a Visa facility. A copy of the 334 Credit Agreement (as amended and restated August 10, 2021) is attached as **Exhibit "II"**.

66. As security for 334NSL's obligations to RBC under the 334 Credit Agreement, the Companies have provided certain security to RBC, including but not limited to:

(a) General Security Agreement from 334NSL in favour of RBC dated January 21, 2021, a copy of which is attached as **Exhibit "JJ"**;

(b) Guarantee from 328NSL in favour of RBC, limited to the sum of $2,300,000, dated January 21, 2021, a copy of which is attached as **Exhibit "KK"**;

(c) Guarantee from 431NSL in favour of RBC, limited to the sum of $2,300,000, dated September 8, 2021, a copy of which is attached as **Exhibit "LL"**;

(d) Collateral Mortgage made by 334SL in favour of RBC dated February 23, 2021, charging the real property located at 11 Dudley Park Lane, Falmouth, Nova Scotia

(PID 45220357) in the principal amount of $1,050,000, a copy of which is attached as **Exhibit "MM"**; and

(e) Assignment of Rents made by 334NSL in favour of RBC dated February 28, 2021, charging the real property located at 11 Dudley Park Lane, Falmouth, Nova Scotia (PID 45220357), a copy of which is attached as **Exhibit "NN"**.

Unsecured liabilities

67. The aged accounts payable to unsecured creditors and trade suppliers total approximately $44,976.00 as of 30 September 2024.

68. 334NSL is current in its payment of corporate income taxes and in its filing of corporate tax returns. 334NSL is current on account of source deductions and the records indicate it is current on its HST.

D. 431NSL (operating as "Annapolis Cider Co.)

69. A copy of the financial statements for 431NSL for financial year ended 2022 are attached as **Exhibit "OO"** and for the year 2023 are attached as **Exhibit "PP"**. These were prepared by Grant Thornton in accordance with Canadian Generally Accepted Accounting Standards for such engagements.

70. According to the financial statements, 431NSL's assets exceed the value of its liabilities by at least $43,073.00.

71. Below is a summary of 431NSL key assets and liabilities:

i. Assets

72. The value of the land and buildings owned by 431NSL is as follows:

Address	Market Value	Assessment	Total Estimated Value
1161 Parkway Drive Port Williams	N/A	216,800.00	216,800.00

73. The total assessed value of 431NSL's real estate assets is $216,800.00.

74. The net book value of the equipment in 431NSL is $250,698 and the total book value of 431NSL real estate assets (including leasehold improvements) is $487.214.00 as per the above.

75. I am not aware of any regulatory, environmental or other concern affecting the properties.

76. The other significant assets of 431NSL consists of $87,000.00 in accounts receivable ("**AR**") and $577,722 in Inventory based on the internal financial statements as of 30 September 2024.

ii. Liabilities

77. The total long-term debt for 431NSL sits with RBC in the amount of $694,841.00 for term debt according to the RBC Online Banking as of 23 November 2024.

Secured Liabilities

78. The Applicants are currently conducting a full security review to determine the relative priorities of each secured creditor, which they expect to have completed within the initial 10-day Stay Period period following the grant of an Initial Order, should the Court be so willing to grant said order.

79. The Proposed Monitor will conduct a full security review to determine the relative priorities of each secured creditor, which I am informed and do verily believe they intend to have completed forthwith following the grant of the Initial Order, should the Court be so willing to grant said order.

80. Based on initial searches conducted by our counsel on the Registry of Joint Stock Companies and the Atlantic Personal Property Security Registry, I am informed and do verily believe that the following creditors hold security interests in 334NSL, as follows:

(a) Royal Bank of Canada

Unsecured liabilities

81. 431NSL currently owes approximately $338,613.00 in accounts payable as of September 30, 2024.

82. 431NSL is current in its payment of corporate income taxes and in its filing of corporate tax returns. There is approximately $1500.00 owing in source deductions and the records indicate 431NSL is current on its HST.

III. CURRENT CASH POSITION AND 13-WEEK CASHFLOW FORECAST

83. The Applicants require a stay of proceedings in order to advance their restructuring efforts on a timely basis so that they can preserve liquidity while they diligently work to refinance their obligations to RBC.

84. A cashflow forecast for the Applicants to 21 December 2024 is attached as **Exhibit "QQ"** (the "**Cashflow Forecast**"). The Cashflow Forecast has been reviewed and commented on by KSV Restructuring Inc. (the "**Proposed Monitor**"). As appears from the Cashflow Forecast, the Applicants currently do not require a cash injection over the cashflow period. The Applicants will

work with the Proposed Monitor to provide a revised cash flow statement for the 10-day Comeback Hearing, should this Honourable Court grant the Initial Order.

IV. REASONS FOR INSOLVENCY

85. On the balance sheet test the Applicants are not insolvent. They are having liquidity challenges. A stay of proceedings will alleviate pressure on the business and give the Applicants the breathing space they require to restructure and refinance their businesses.

86. The Applicants' insolvency was driven by their senior secured creditor, RBC, calling their loans, as well as issuing section 244 *Bankruptcy and Insolvency Act* statutory notices of intention to enforce their security on 07 February 2024. Notwithstanding the Applicants' position that these notices are insufficient, RBC has now filed a Receivership Motion on the back of these demands and is seeking to appoint a receiver-manager over all the assets and undertaking of the Applicants.

87. Enforcement would lead to a liquidation of the Applicants' assets and destroy the value of the Applicants' goodwill and going-concern business, which should be preserved for the benefit of all stakeholders. As noted, the Applicants require a stay of proceedings to provide the breathing room necessary to formulate a restructuring plan.

88. The long-term value of the Applicants' business is much higher as a going-concern than in liquidation, especially for stakeholders who do not have the benefit of security interests and stand to lose the most. Importantly, the Applicants also have between 80-100 employees in the local community.

89. While the Applicants admits that its current cash flow position is not sustainable, it will resolve itself in the mid- to long-term once the Applicants can complete their balance sheet

restructuring and bring in a new lender to take out RBC, they will have a viable and successful business.

90. The Applicants are current in the process of obtaining review engagement financial statements so that they can complete a refinancing with Farm Credit Canda as set out in this affidavit ("**FCC**").

91. On 02 October 2024, FCC issued a letter of intent attached hereto as **Exhibit "RR"**. Once FCC receives our review engagement statements we can move to the next step and pass underwriting. Based on my direct discussions with FCC, I do not expect underwriting to be a problem.

92. The review engagement is currently being prepared by Grant Thornton. In my recent discussion with Peter Murray, CPA, and Partner at Grant Thornton, I am informed and do verily believe that the review engagement will be ready by 18 to 20 December 2024.

93. On 15 November 2024 the Applicants received a discussion paper from Canadian Imperial Bank of Commerce ("**CIBC**") outlining the terms and conditions of the proposed credit facility the Applicants are seeking with them. A copy of this discussion paper is attached hereto as **Exhibit "SS"**. The Applicants have also received a proposal from the Bank of Montreal ("**BMO**") attached hereto as **Exhibit "TT"**.

94. During the week of 19 November 2024, after RBC filed its motion for a Court appointed receiver-manager, I personally contacted both FCC and CIBC to confirm they would still support the Applicants refinancing efforts given RBC's receivership motion.

95. On 21 November 2024 I personally spoke with Fred Oickle, Senior Account Manager at FCC, and he informed me that FCC would still support the Companies and will "be at the table"

to do our proposed refinance notwithstanding RBC's receivership motion, provided we can deliver the review engagements, and we can find a way to take control of the restructuring process, through a CCAA or otherwise.

96. Again, on 21 November 2024 I personally spoke with Tim Robbins, Market Vice President of Commercial Banking at CIBC, and he confirmed that CIBC are still interested in participating in the re-finance of RBC's debt, notwithstanding RBC's receivership motion. Though not discussed with Mr. Robbins, it will be necessary for the Companies to obtain creditor protection and take control of the restructuring process to complete this refinance.

97. Based on the foregoing, and consistent with our restructuring plan outlined below, I believe the Applicants will obtain financing from FCC and CIBC in an amount sufficient to pay out RBC, and that this will likely be completed within the next ninety (90) days.

98. Based on our internal accounting review, we believe the Companies will establish in the context of the CCAA Motion that they are not insolvent on their balance sheet and that the value of the Companies' assets exceeds the value of the Companies' liabilities. The Companies present issue is that they do not have immediate liquidity to repay RBC's complete indebtedness on demand.

V. CURRENT RESTRUCTURING PLAN

99. The current restructuring plan is as follows:

(a) To complete a balance sheet restructuring and refinance of the RBC debt under the supervision of the Proposed Monitor, which will include bringing in new primary (FCC) and new operating (CIBC) lender to take out RBC.

(b) In the event the FCC/CIBC Financing does not materialize within the next ninety (90) days, we would undertake a sales, investment, and solicitation process (a "SISP") under the supervision of the Proposed Monitor. Given the significant equity in the business - which we currently estimate to be in the region of CDN $3-6,000,000.00 - we would focus in the first phase of the SISP on an investment process. If unsuccessful, in a second phase of the SISP, we would focus on a sale. As noted, we expect the SISP would take approximately ninety (90) – one hundred twenty (120) days; and

(c) During the proposed CCAA restructuring the Companies would commit to work cooperatively and transparently with RBC and its other stakeholders, including assisting the Monitor with its duties and ensuring the Monitor has all the support it needs from the Companies to provide clear and accurate reporting to the stakeholders, including RBC and the Court.

100. As mentioned above, the Applicants are working with the Proposed Monitor and counsel, to formulate a restructuring plan, therefore, the plan above may change based on their advice.

VI. NEED FOR RELIEF UNDER CCAA

101. The Applicants need urgent relief under the CCAA for the following key reasons:

(a) the Applicants' secured creditors have stated their intent to enforce their security, which could lead to liquidation and destroy value for all other stakeholders and the termination of employment for the Applicants employees;

(b) the Applicants require a stay of proceedings that includes a stay of secured claims in order to afford them the breathing room necessary to formulate a restructuring plan with the assistance of the Proposed Monitor

102. Our management team has consulted with professionals, considered the available options, and concluded that filing for CCAA relief is the most appropriate process to protect the business as a going-concern to maximize value for stakeholders, including creditors, employees, suppliers, present and future customers, and the local and regional communities.

103. The Applicants therefore make this application for an Initial Order under the CCAA. A draft of the proposed Initial Order is included as Schedule "B" to the Applicants application (the "**Initial Order**"). The proposed Initial Order, among other things:

(a) stays all proceedings in respect of the Applicants, their business, their property, their directors and officers, or the Monitor, for an initial 10-day Stay Period up to and including 08 December 2024 (the "**Stay Period**");

(b) appoints KSV Restructuring Inc. (the "**Proposed Monitor**") as Monitor to the Applicants under the CCAA; and

(c) entitles but does not require the Applicants to pay amounts owing for goods and services supplied to the Applicants, whether incurred prior to or after the Initial Order, if in the opinion of the Monitor, the supplier or vendor of such goods or services is necessary for the operation and preservation of the business or property of the Applicants.

104. The proposed Initial Order is limited to relief that is necessary to preserve the Applicants' business as a going concern during the initial 10-day Stay Period. At the comeback hearing, the Applicants intend to seek an order which, among other things, extends the Stay Period by 90 days and potentially, subject to advice from the Monitor, will see an administration charge, director charge, and the approval of debtor in possession financing, respectively.

VII. FINANCING DURING THE CCAA PROCEEDINGS

105. The Cashflow Forecast demonstrates that the Applicants will not need additional financing during the initial 10-day Stay Period.

VIII. AVENUES OF RESTRUCTURING BEING CONSIDERED

106. The Applicants are evaluating potential restructuring options. We are considering multiple restructuring avenues including a going-concern sale of the business, a refinancing of the existing credit facilities, the disclaimer of unprofitable contracts, a downsizing of operations, various operational restructuring initiatives, and a viable plan of compromise or arrangement with creditors. Our primary focus is to refinance the RBC debt as quickly as possible.

107. The Applicants will use the opportunity afforded by these CCAA proceedings to continue to work in good faith and with due diligence on a restructuring plan with the assistance and oversight of the Proposed Monitor. The Applicants will consult with creditors and stakeholders throughout to determine the restructuring option that best maximizes value.

IX. RELIEF SOUGHT

108. I am informed by counsel that the Initial Order is in substantial accordance with the model CCAA initial order.

A. Appointment of KSV Restructuring Inc. as Monitor:

109. The Applicants have engaged the Proposed Monitor to act during these CCAA proceedings. The Proposed Monitor is a well-recognized licensed insolvency trustee firm with substantial CCAA experience. The Proposed Monitor is also a leading business consulting firm who will provide valuable advice to the Applicants during the restructuring process.

110. The Proposed Monitor has consented to act as Monitor if the Court grants the Initial Order. A copy of the Proposed Monitor's consent is attached as **Exhibit "UU"**.

111. The Applicants believe that the involvement of the Monitor as an officer of this Court will lend stability and assurance to the Applicants' stakeholders.

B. Stay of Proceedings:

112. The Applicants seek a stay of proceedings, including in respect of secured parties, to allow them the breathing room necessary to develop and implement a viable restructuring plan.

113. The long-term value of the Applicants and their business is much higher as a going-concern than in a liquidation, especially for stakeholders who do not have the benefit of security interests and stand to lose the most – employees, contractors, customers, suppliers, their communities, and the Provincial government.

114. The Applicants intend to avoid a liquidation scenario.

115. Under a stay of proceedings, with the assistance and oversight of the Proposed Monitor, the Applicants will work in good faith and with due diligence towards a restructuring plan that preserves the going-concern nature of the business in the interest of all stakeholders.

C. Charges:

116. The Applicants are not seeking any charges at this time.

D. Ability to pay certain pre-filing amounts with the consent of the Monitor:

117. The Initial Order contains a provision that entitles but does not require the Applicants to pay, with the consent of the Monitor, amounts owing for essential goods or services supplied prior to the Initial Order. The Initial Order provides that the Applicants may only make such payments if necessary to avoid business disruption during the restructuring.

118. I believe that this provision is needed to provide the Applicants with the flexibility necessary to avoid major disruptions to its business, which would impair cash flow and restructuring efforts.

119. This Affidavit is sworn in respect of the Applicants' application for an Initial Order under the CCAA, and for no other purpose.

SWORN TO at Halifax, Nova Scotia, this 27th day of November, before me:-

A Commissioner of Oaths, being a Solicitor

MARC L.J. DUNNING
A Barrister of the Supreme
Court of Nova Scotia

ALEX K. RICE

Index to Exhibits

Document	Exhibit
Registry of Joint Stock Companies profile for Blue Lobster Capital	A
Registry of Joint Stock Companies profile for 328NSL	B
Registry of Joint Stock Companies profile for 334NSL	C
Registry of Joint Stock Companies profile for 431NSL	D
2022 Financial Statements for Blue Lobster Capital	E
Draft 2023 Financial Statements for Blue Lobster Capital	F
Internal Financials of Blue Lobster Capital as of September 30, 2024	G
May 22, 2019 General Security Agreement (Blue Lobster Capital)	H
May 22, 2019 guarantee of Alex Rice	I
April 26, 2020 guarantee of Alex Rice	J
April 27, 2020 guarantee of 328NSL	K
February 4, 2020 Collateral Mortgage from Blue Lobster Capital for 18 Claremont Ave., Stellarton	L
February 4, 2020 Assignment of Rents from Blue Lobster Capital for 18 Claremont Ave., Stellarton	M
June 4, 2019 Collateral Mortgage from Blue Lobster Capital for 61-63 Provost Street, New Glasgow	N
June 4, 2019 Assignment of Rents from Blue Lobster Capital for 61-63 Provost Street, New Glasgow	O
February 4, 2020 Collateral Mortgage from Blue Lobster Capital for 14 Allan Ave., Stellarton	P
February 4, 2020 Assignment of Rents from Blue Lobster Capital for 14 Allan Ave., Stellarton	Q
January 28, 2021 Collateral Mortgage from Blue Lobster Capital for 2138 Brunswick Street, Halifax	R
January 28, 2021 Assignment of Rents from Blue Lobster Capital for 2138 Brunswick Street, Halifax	S

Document	Exhibit
April 28, 2022 Collateral Mortgage from Blue Lobster Capital for 225 Prince St., Charlottetown	T
2022 Financial Statements for 328NSL	U
2023 Financial Statements for 328NSL	V
Internal Financials for 328NSL as of September 2024	W
328NSL Credit Agreement with RBC	
February 21, 2018 General Security Agreement of 328NSL	Y
February 21, 2018 guarantee of Alex Rice	Z
February 28, 2018 guarantee of Daniel and Tracey Allen	AA
May 24, 2018 Collateral Mortgage from 328NSL for 230 Foord St., Stellarton	BB
February 1, 2021 guarantee from 334NSL	CC
October 31, 2019 Collateral Mortgage from 328NSL for 6264 Trafalgar Road, Riverton	DD
October 31, 2019 Assignment of Rents from 328NSL for 6264 Trafalgar Road, Riverton	EE
June 13, 2023 guarantee from 431NSL	FF
Aged accounts payable of 328NSL as of September 30, 2024	GG
2023 Financial Statements for 334NSL	HH
334NSL Credit Agreement with RBC	II
January 21, 2021 General Security Agreement from 334NSL	JJ
January 21, 2021 guarantee from 328NSL	KK
September 8, 2021 guarantee from 431NSL	LL
February 23, 2021 Collateral Mortgage from 334NSL for 11 Dudley Park Lane, Falmouth	MM
February 23, 2021 Assignment of Rents from 334NSL for 11 Dudley Park Lane, Falmouth	NN

Document	Exhibit
2022 Financial Statements for 431NSL	OO
2023 Financial Statements for 431NSL	PP
Cash flow forecast to December 21, 2024	QQ
October 2, 2024 letter of intent from Farm Credit Canada	RR
November 15, 2024 discussion paper from CIBC	SS
BMO proposal	TT
Consent of KSV Restructuring Inc. to act as Monitor	UU

TAB A

NOVA SCOTIA
Registry of Joint Stock Companies

Profile Report

Entity details

Information as of	15 November 2024
Registry ID	3317427
Business/Organization Name	BLUE LOBSTER CAPITAL LIMITED
Incorporation Date	16 May 2018
Annual Return due Date	31 May 2025
Type	Limited Company
Status	Active
Registered Office	99 WYSE ROAD, SUITE 600, DARTMOUTH, NOVA SCOTIA, B3A 4S5, CANADA
Mailing Address	PO BOX 876, DARTMOUTH MAIN, DARTMOUTH, NOVA SCOTIA, B2Y 3Z5, CANADA
Name History	3317427 NOVA SCOTIA LIMITED 16 May 2018 02 March 2021

Directors and Officers

Name	Position	Civic Address	Mailing Address
Alex K. Rice	Director	1320 CHESTERFIELD AVENUE, APT. 1301 NORTH VANCOUVER BRITISH COLUMBIA V7M 0A6 CANADA	
Alex K. Rice	President, Secretary	1320 CHESTERFIELD AVENUE, APT. 1301 NORTH VANCOUVER BRITISH COLUMBIA V7M 0A6 CANADA	

Recognized Agent

Name	Position	Civic Address	Mailing Address
Christene H. Hirschfeld	Recognized Agent	99 WYSE ROAD, SUITE 600 DARTMOUTH NOVA SCOTIA B3A 4S5 CANADA	PO BOX 876, DARTMOUTH MAIN DARTMOUTH NOVA SCOTIA B2Y 3Z5 CANADA

NOVA SCOTIA
Registry of Joint Stock Companies

Activity

Activity	Date
Company Annual Renewal Statement	11 June 2024
Company Annual Renewal Statement	15 May 2023
Company Annual Renewal Statement	28 June 2022
Company Annual Renewal Statement	04 June 2021
Company Name Change	02 March 2021
Annual Statement Filed	23 June 2020
Annual Renewal	23 June 2020
Annual Statement Filed	02 July 2019
Annual Renewal	02 July 2019
Change of Directors	16 May 2018
Special Resolution	16 May 2018
Special Resolution	16 May 2018
Address Change	16 May 2018
Appoint an Agent	16 May 2018
Incorporated and Registered	16 May 2018

Related Registrations

Relationship	Name
Existing Entity	BLUE LOBSTER CAPITAL LIMITED

TAB B

NOVA SCOTIA
Registry of Joint Stock Companies

Profile Report

Entity details

Information as of	15 November 2024
Registry ID	3284906
Business/Organization Name	3284906 NOVA SCOTIA LIMITED
Incorporation Date	26 November 2014
Annual Return due Date	30 November 2025
Type	Limited Company
Status	Active
Registered Office	1767 HIGHWAY 1, UNIT 195, CLEMENTSPORT, NOVA SCOTIA, B0S 1E0, CANADA
Mailing Address	PO BOX 195, CLEMENTSPORT, NOVA SCOTIA, B0S 1E0, CANADA

Directors and Officers

Name	Position	Civic Address	Mailing Address
ALEX K. RICE	Director	63 PROVOST ST NEW GLASGOW NOVA SCOTIA B2H 2P5 CANADA	
ALEX K. RICE	President, Secretary	63 PROVOST ST NEW GLASGOW NOVA SCOTIA B2H 2P5 CANADA	
DANIEL RONALD ALLEN	Director	1078 LONG RIDGE DRIVE KELOWNA BRITISH COLUMBIA V1V 2W9 CANADA	

Recognized Agent

Name	Position	Civic Address	Mailing Address
CHRISTENE H. HIRSCHFELD	Recognized Agent	1767 HIGHWAY 1 UNIT 195 CLEMENTSPORT NOVA SCOTIA B0S 1E0 CANADA	PO BOX 195 CLEMENTSPORT NOVA SCOTIA B0S 1E0 CANADA

NOVA SCOTIA
Registry of Joint Stock Companies

Activity

Activity	Date
Company Annual Renewal Statement	15 November 2024
Company Annual Renewal Statement	01 January 2024
Company Annual Renewal Statement	13 December 2022
Company Annual Renewal Statement	23 June 2022
Annual Statement Filed	23 October 2020
Annual Renewal	23 October 2020
Annual Statement Filed	05 November 2019
Annual Renewal	05 November 2019
Annual Statement Filed	05 November 2018
Annual Renewal	05 November 2018
Annual Statement Filed	29 December 2017
Annual Renewal	29 December 2017
Annual Renewal	30 December 2016
Change of Directors	06 July 2016
Annual Statement Filed	30 December 2015
Annual Renewal	30 December 2015
Change of Directors	06 January 2015
Special Resolution	06 January 2015
Special Resolution	06 January 2015
Address Change	26 November 2014
Appoint an Agent	26 November 2014
Incorporated and Registered	26 November 2014

Related Registrations

Relationship	Name
Business Name	SEAFARER SPIRIT CO.

TAB C

NOVA SCOTIA
Registry of Joint Stock Companies

Profile Report

Entity details

Information as of	15 November 2024
Registry ID	3343533
Business/Organization Name	3343533 NOVA SCOTIA LIMITED
Incorporation Date	21 December 2020
Annual Return due Date	31 December 2024
Type	Limited Company
Status	Active
Registered Office	1767 HIGHWAY 1, UNIT 195, CLEMENTSPORT, NOVA SCOTIA, B0S 1E0, CANADA
Mailing Address	PO BOX 195, CLEMENTSPORT, NOVA SCOTIA, B0S 1E0, CANADA

Directors and Officers

Name	Position	Civic Address	Mailing Address
Alex K. Rice	Director	63 PROVOST STREET NEW GLASGOW NOVA SCOTIA B2H 2P5 CANADA	
Alex K. Rice	President, Secretary	63 PROVOST STREET NEW GLASGOW NOVA SCOTIA B2H 2P5 CANADA	

Recognized Agent

Name	Position	Civic Address	Mailing Address
Christene H. Hirschfeld	Recognized Agent	1767 HIGHWAY 1 UNIT 195 CLEMENTSPORT NOVA SCOTIA B0S 1E0 CANADA	PO BOX 195 CLEMENTSPORT NOVA SCOTIA B0S 1E0 CANADA

NOVA SCOTIA
Registry of Joint Stock Companies

Activity

Activity	Date
Company Change of Recognized Agent	02 October 2024
Company Change of Entity Address	02 October 2024
Authorized Filer - Company	01 October 2024
Company Annual Renewal Statement	31 January 2024
Company Annual Renewal Statement	21 December 2022
Company Annual Renewal Statement	15 February 2022
Change of Directors	21 December 2020
Special Resolution	21 December 2020
Special Resolution	21 December 2020
Address Change	21 December 2020
Appoint an Agent	21 December 2020
Incorporated and Registered	21 December 2020

TAB D

NOVA SCOTIA
Registry of Joint Stock Companies

Profile Report

Entity details

Information as of	15 November 2024
Registry ID	4318682
Business/Organization Name	4318682 NOVA SCOTIA LIMITED
Incorporation Date	07 June 2021
Annual Return due Date	30 June 2025
Type	Limited Company
Status	Active
Registered Office	1767 HIGHWAY 1, UNIT 195, CLEMENTSPORT, NOVA SCOTIA, B0S 1E0, CANADA
Mailing Address	PO BOX 195, CLEMENTSPORT, NOVA SCOTIA, B0S 1E0, CANADA

Directors and Officers

Name	Position	Civic Address	Mailing Address
ALEX K. RICE	Director, President, Secretary	63 PROVOST STREET NEW GLASGOW NOVA SCOTIA B2H 2P5 CANADA	

Recognized Agent

Name	Position	Civic Address	Mailing Address
CHRISTENE H. HIRSCHFELD	Recognized Agent	1767 HIGHWAY 1 UNIT 195 CLEMENTSPORT NOVA SCOTIA B0S 1E0 CANADA	PO BOX 195 CLEMENTSPORT NOVA SCOTIA B0S 1E0 CANADA

NOVA SCOTIA

Registry of Joint Stock Companies

Activity

Activity	Date
Company Annual Renewal Statement	08 July 2024
Company Change of Entity Address	05 July 2024
Company Change of Recognized Agent	05 July 2024
Authorized Filer - Company	25 June 2024
Company Annual Renewal Statement	14 September 2023
Company Annual Renewal Statement	03 July 2022
Company Special Resolution - Normal Powers	10 June 2021
Company Special Resolution - Acquire Own Shares	10 June 2021
Company Amalgamation	07 June 2021

Related Registrations

Relationship	Name
Business Name	ANNAPOLIS CIDER COMPANY
Amalgamated From	3290142 NOVA SCOTIA LIMITED
Amalgamated From	3301162 NOVA SCOTIA LIMITED
Amalgamated From	4205013 NOVA SCOTIA LIMITED

TAB E



Grant Thornton

Financial Information

Blue Lobster Capital Limited

June 30, 2022

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Grant Thornton

Compilation Engagement Report

Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

To the Shareholders of
Blue Lobster Capital Limited

On the basis of information provided by management, we have compiled the balance sheet of Blue Lobster Capital Limited as at June 30, 2022, the statements of income and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Grant Thornton LLP

New Glasgow, Canada
February 17, 2023

Chartered Professional Accountants

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Blue Lobster Capital Limited
Statements of Income and Retained Earnings

Year ended June 30	2022	2021
Revenue	**$ 431,062**	$ 414,892
Expenses		
Amortization	**67,803**	34,798
Automotive	**2,406**	5,800
Consulting fees	**13,432**	-
Insurance	**17,359**	12,225
Interest and bank charges	**10,644**	8,507
Interest on long-term debt	**44,572**	27,488
Management fees	**7,565**	6,645
Meals and entertainment	**13,556**	4,134
Office	**1,290**	730
Professional fees	**7,598**	11,681
Property taxes	**42,225**	32,971
Repairs and maintenance	**24,149**	6,890
Travel	**9,955**	2,738
Utilities	**32,199**	18,542
	294,753	173,149
Income before other income and income taxes	**136,309**	241,743
Other income		
Gain on sale of property and equipment	**-**	139,179
Income before income taxes (recovery)	**136,309**	380,922
Income taxes (recovery)	**47,974**	(10,346)
Net income	**$ 88,335**	$ 391,268
Retained earnings, beginning of year	**$ 1,061,071**	$ 710,457
Net income	**88,335**	391,268
Dividends paid	**-**	(40,000)
Refundable dividend tax paid, net	**-**	(654)
Retained earnings, end of year	**$ 1,149,406**	$ 1,061,071

See accompanying notes to the financial information.

Blue Lobster Capital Limited
Balance Sheet

June 30	2022	2021
Assets		
Current		
Cash	**$ 38,577**	$ 595,711
Accounts receivable	**-**	9,900
Inventory	**264,884**	48,500
Prepaid expenses	**1,399**	12,101
Due from shareholder, non-interest bearing, no set terms of repayment, unsecured	**149,306**	-
Due from related parties, non-interest bearing, no set terms of repayment, unsecured	**264,646**	197,313
	718,812	863,525
Long-term		
Property and equipment (Note 2)	**1,743,798**	1,801,178
	$ 2,462,610	$ 2,664,703
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 22,855**	$ 41,263
Harmonized sales tax payable	**22,500**	137,198
Income taxes payable	**43,034**	131,529
Due to shareholdernon-interest bearing, no set terms of repayment, unsecured	**-**	11,087
Current portion of mortgages payable (Note 3)	**64,857**	52,244
	153,246	373,321
Long-term		
Mortgages payable (Note 3)	**1,159,858**	1,230,211
	1,313,104	1,603,532
Shareholder's equity		
Share capital	**100**	100
Retained earnings	**1,149,406**	1,061,071
	1,149,506	1,061,171
	$ 2,462,610	$ 2,664,703

On behalf of the board

_____ Director _____ Director

See accompanying notes to the financial information.

Blue Lobster Capital Limited
Notes to the Financial Information
June 30, 2022

1. Basis of accounting

The basis of accounting applied in the preparation of the balance sheet of Blue Lobster Capital Limited as at June 30th, 2022, and the statements of income and retained earnings for the year then ended, is on the cash basis of accounting with the addition of the following:.

(i) Accounts receivable are accrued as at the reporting date.
(ii) Inventory is recorded at historical cost.
(iii) Prepaid expenses are recorded based on the terms of the invoice.
(iv) Property and equipment are recorded at historical cost and are amortized over their useful lives.
(v) Accounts payable and accrued liabilities are accrued as at the reporting date.
(vi) Income taxes payable are accrued as at the reporting date.

2. Property and equipment

	Cost	Accumulated Amortization	**2022 Net Book Value**	2021 Net Book Value
Land	$ 160,000	$ -	**$ 160,000**	$ 160,000
Buildings	1,581,778	73,327	**1,508,451**	1,553,392
Vehicles	67,895	38,059	**29,836**	42,623
Furniture and fixtures	57,652	15,663	**41,989**	40,761
Machinery and equipment	5,753	2,231	**3,522**	4,402
	$ 1,873,078	$ 129,280	**$ 1,743,798**	$ 1,801,178

3. Mortgages payable

	2022	2021
Mortgage bearing interest 4.21% per annum, repayable in monthly payments of $1,103 plus interest, maturing in May 2023, amortized to 2031. Security is outlined in Note 4.	**$ 118,176**	$ 129,078
Mortgage bearing interest 7.70% per annum, repayable in monthly payments of $848 plus interest, maturing in April 2023, amortized to 2045. Security is outlined in Note 4.	**232,659**	242,836
Mortgage bearing interest 7.70% per annum, repayable in monthly payments of $2,369 plus interest, maturing in January 2023, amortized to 2046. Security is outlined in Note 4.	**673,412**	697,061
Mortgage bearing interest 7.20% per annum, repayable in monthly payments of $294 plus interest, maturing in February 2023, amortized to 2030. Security is outlined in Note 4.	**80,165**	83,696
Carried forward	**1,104,412**	1,152,671

3. Mortgages payable (continued)

	2022	2021
Carried forward	**1,104,412**	1,152,671
Mortgage bearing interest 7.20% per annum, repayable in monthly payments of $790 including interest, maturing in February 2023, amortized to 2030. Security is outlined in Note 4.	**120,303**	129,784
	1,224,715	1,282,455
Less current portion	**64,857**	52,244
Due beyond one year	**$ 1,159,858**	$ 1,230,211

Estimated principal repayments are as follows:

2023	$ 64,857
2024	64,857
2025	64,857
2026	64,857
2027	64,857

4. Security

As security for the mortgages payable the Company has provided the following security:

(i) General security agreement by the Borrower constituting a first ranking security interest in all personal property of the Borrower.
(ii) Assignment of rents signed by the Borrower constituting a first ranking assignment of all rents arising from the lands and improvements located at 61-63 Provost Street, New Glasgow, Nova Scotia, 14 Allan Avenue and 18 Claremont Avenue in Stellarton, Nova Scotia.
(iii) Collateral mortgage in the amount of $200,000 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 61-63 Provost Street, New Glasgow, Nova Scotia.
(iv) Collateral mortgage in the amount of $133,000 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 18 Claremont Avenue, Stellarton, Nova Scotia.
(v) Collateral mortgage in the amount of $140,000 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 14 Allan Street, Stellarton, Nova Scotia.
(vi) Collateral mortgage in the amount of $345,000 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 252 Prince Street, Loft 3, Charlottetown, Prince Edward Island.
(vii) Guarantee and postponement of claims totaling $400,000 by the shareholder.
(viii) Guarantee and postponement of claim in the amount of $251,000 signed by 3284906 Nova Scotia Limited, supported by a general security agreement constituting a first ranking security interest in all personal property of 3284906 Nova Scotia Limited.
(ix) Certificate of insurance evidencing fire and other perils coverage on the property located at 14 Allan Avenue, Stellarton, Nova Scotia, 18 Claremont Avenue, Stellarton, Nova Scotia, 61-63 Provost Street, New Glasgow, Nova Scotia, and 252 Prince Street, Loft 3, Charlottetown, Prince Edward Island, showing the Bank as first mortgagee.

TAB F

TAB G

BLUE LOBSTER CAPITAL LIMITED

Compiled Financial Information

Year Ended June 30, 2023

Draft - for discussion purposes only

Completed by	Reviewed by

Printed: November 26, 2024 2:36 PM

BLUE LOBSTER CAPITAL LIMITED
Statement of Income
Year Ended June 30, 2023

	2023	2022
TRADE SALES		
Management fees	**$ 460,000**	$ 320,000
Rental revenue	**117,406**	111,062
	577,406	431,062
EXPENSES		
Accounting fees	**7,218**	7,598
Amortization of tangible assets	**84,294**	67,803
Business taxes and licenses	**377**	-
Consulting fees	**22,975**	13,432
Delivery, freight and express	**886**	-
Donations	**1,991**	-
Insurance	**13,919**	17,359
Interest and bank charges	**9,516**	10,644
Interest on long term debt	**87,754**	44,572
Management fees	**7,527**	7,565
Meals and entertainment	**15,452**	13,556
Office expenses	**2,643**	1,290
Property taxes	**34,100**	42,225
Repairs and maintenance	**9,329**	24,149
Travel expenses	**31,727**	9,955
Utilities	**34,655**	32,199
Vehicle	**938**	2,406
	365,301	294,753
INCOME BEFORE INCOME TAXES	**212,105**	136,309
INCOME TAXES	**80,757**	47,974
NET INCOME	**$ 131,348**	$ 88,335

For discussion purposes only

Printed: November 26, 2024 2:36 PM **Prep** _____ **Added** _____ **Approved** _____

BLUE LOBSTER CAPITAL LIMITED
Statement of Retained Earnings
Year Ended June 30, 2023

	2023	2022
RETAINED EARNINGS - BEGINNING OF YEAR	**$ 1,149,406**	$ 1,061,071
NET INCOME	**131,348**	88,335
RETAINED EARNINGS - END OF YEAR	**$ 1,280,754**	$ 1,149,406

Preparation purposes only

BLUE LOBSTER CAPITAL LIMITED
Balance Sheet
June 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	**$ 5,721**	$ 38,577
Inventory	**308,590**	264,884
Prepaid expenses	**18,565**	1,399
Due from related parties	**315,661**	361,785
Due from shareholders	**389,445**	149,306
	1,037,982	815,951
PROPERTY, PLANT AND EQUIPMENT *(Note 1)*	**1,980,004**	1,743,797
	$ 3,017,986	$ 2,559,748
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	**$ 21,832**	$ 22,854
Income taxes payable	**129,281**	43,034
Current portion of long term debt *(Note 2)*	**72,403**	54,536
HST Payable	**76,609**	22,500
Due to related parties	**228,207**	97,139
	528,332	240,063
LONG TERM DEBT *(Note 2)*	**1,208,800**	1,170,179
	1,737,132	1,410,242
SHAREHOLDERS' EQUITY		
Individual common share classes	**100**	100
Retained earnings	**1,280,754**	1,149,406
	1,280,854	1,149,506
	$ 3,017,986	$ 2,559,748

APPROVED BY THE DIRECTOR

_____ *Director*

Printed: November 26, 2024 2:36 PM **Prep** _____ **Added** _____ **Approved** _____

BLUE LOBSTER CAPITAL LIMITED
Statement of Cash Flows
Year Ended June 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Net income	**$ 131,348**	$ 88,335
Item not affecting cash:		
Amortization of property, plant and equipment	**84,294**	67,803
	215,642	156,138
Changes in non-cash working capital:		
Accounts receivable	**-**	9,900
Inventory	**(43,706)**	(216,384)
Accounts payable and accrued liabilities	**(1,023)**	(18,409)
Taxes payable	**86,247**	(88,495)
Prepaid expenses	**(17,166)**	10,702
HST payable	**54,109**	(114,698)
	78,461	(417,384)
Cash flow from (used by) operating activities	**294,103**	(261,246)
INVESTING ACTIVITY		
Purchase of property, plant and equipment	**(320,501)**	(10,422)
FINANCING ACTIVITIES		
Advances from (to) related parties	**177,192**	(67,333)
Advances to shareholders	**(240,139)**	(160,393)
Proceeds from long term financing	**125,868**	-
Repayment of long term debt	**(69,379)**	(57,740)
Cash flow used by financing activities	**(6,458)**	(285,466)
DECREASE IN CASH FLOW	**(32,856)**	(557,134)
Cash - beginning of year	**38,577**	595,711
CASH - END OF YEAR	**$ 5,721**	$ 38,577
CASH CONSISTS OF:		
Cash	**$ 5,721**	$ 38,577

Notice of Assessment Purposes Only

1. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	**2023 Net book value**	2022 Net book value
Land - cost	$ 160,000	$ -	**$ 160,000**	$ 160,000
Buildings - cost	1,773,480	120,301	**1,653,179**	1,508,451
Motor vehicles	195,631	66,170	**129,461**	29,836
Furniture and fixtures	64,466	27,102	**37,364**	45,510
	$ 2,193,577	$ 213,573	**$ 1,980,004**	$ 1,743,797

2. LONG TERM DEBT

	2023	2022
14 Allan Street loan bearing interest at prime plus 1.25% per annum, repayable in monthly payments of $790 plus interest.	**$ 110,822**	$ 120,303
18 Claremont Street loan bearing interest at prime plus 1.25% per annum, repayable in monthly payments of $294 plus interest.	**76,633**	80,165
2138 Brunswick Street loan bearing interest at prime plus 1.75% per annum, repayable in monthly payments of $2,369 plus interest.	**644,066**	673,412
252 Prince Street (PEI) loan bearing interest at prime plus 1.75% per annum, repayable in monthly payments of $848 plus interest.	**222,482**	232,659
61/63 Provost Street loan bearing interest at prime plus 1.75% per annum, repayable in monthly payments of $1,103 plus interest. The loan matured on and was secured by 011which had a carrying value of $-.	**104,942**	118,176
Tesla loan loan bearing interest at 6.49% per annum, repayable in monthly payments of $1,878. The loan is secured by a first charge on a motor vehicle with a net book value of $108,576.$-.	**122,258**	-
	1,281,203	1,224,715
Amounts payable within one year	**(72,403)**	(54,536)
	$ 1,208,800	$ 1,170,179

Principal repayment terms are approximately:

2024	$ 79,896
2025	80,901
2026	81,974
2027	84,694
2028	86,135
Thereafter	867,603
	$ 1,281,203

(continues)

2. LONG TERM DEBT *(continued)*

As security for the mortgages payable the Company has provided the following security:

(i) General security agreement by the Borrower constituting a first ranking security interest in all personal property of the Borrower.

(ii) Assignment of rents signed by the Borrower constituting a first ranking assignment of all rents arising from the lands and improvements located at 61-63 Provost Street, New Glasgow, Nova Scotia, 14 Allan Avenue and 18 Claremont Avenue in Stellarton, Nova Scotia.

(iii) Collateral mortgage in the amount of $200,000 signed by the Borrower on the lands and improvements located at 61-63 Provost Street, New Glasgow, Nova Scotia.

(iv) Collateral mortgage in the amount of $133,000 signed by the Borrower on the lands and improvements located at 18 Claremont Avenue, Stellarton, Nova Scotia.

(v) Collateral mortgage in the amount of $140,000 signed by the Borrower on the lands and improvements located at 18 Claremont Avenue, Stellarton, Nova Scotia.

(vi) Collateral mortgage in the amount of $345,000 signed by the Borrower on the lands and improvements located at 252 Prince Street, Loft 3, Charlottetown, Prince Edward island.

(vii) Guarantee and postponement of claims totaling $400,000 by the shareholder.

(vii) Certificate of insurance evidencing fire and other perils coverage on the properties located at 14 Allan Avenue, Stellarton Nova Scotia, 18 Claremont Avenue, Stellarton, Nova Scotia, 61-63 Provost Street, New Glasgow, Nova Scotia and 252Prionce Street, Loft 3, Charlottetown, Prince Edward island, showing the Royal Bank of Canada as first mortgagee.

TAB G

Blue Lobster Capital Inc

Balance Sheet

As of September 30, 2024

	TOTAL
Assets	
Current Assets	
Cash and Cash Equivalent	
Chequing	92,413.96
Due to/from Related Parties (3284906 NS Ltd.)	-191,702.00
Due to/from Related Parties (Blue Lobster Public House)	0.00
Due to/from Related Parties (Blue Ocean Management Group)	502,150.28
Petty Cash	138.00
Undeposited Funds	0.00
Total Cash and Cash Equivalent	**$403,000.24**
Accounts Receivable (A/R)	
Accounts Receivable (A/R)	0.00
Total Accounts Receivable (A/R)	**$0.00**
Inventory Asset	32,000.00
NSST receivable	0.00
Prepaid expenses	18,565.38
Uncategorized Asset	0.00
Total Current Assets	**$453,565.62**
Non-current Assets	
Property, plant and equipment	
14 Allan Avenue, NS	203,255.75
140 George Street, NS	30,794.39
18 Claremont Street, NS	146,421.21
2015 Tesla Model S	67,895.00
2023 Tesla Model S	127,735.92
2138 Brunswick Street, NS	810,663.60
224 Old Post Road, PE	93,569.10
252 Prince Street, PE	0.00
41331 Horizon Drive, BC	0.00
61/63 Provost Construction	0.00
61/63 Provost Street, NS	183,286.05
Accum. Amort. - Buildings	-120,301.46
Accum. Amort. - Office Furn. & Equip.	-2,935.27
Accum. Amort. - Rental Furniture	-24,166.97
Accum. Amort. - Vehicles	-66,170.11
Bell Building Construction	0.00
Grady White 330 Express (Yacht)	0.00
Halifax Apartment Furniture	1,061.80
Land	160,000.00
Office Furniture & Equipment	5,752.66
Property Deposits	0.00
Rental Furniture	53,740.11
Rental Unit Long Term Wares	3,911.48
Total Property, plant and equipment	**$1,674,513.26**

Blue Lobster Capital Inc

Balance Sheet

As of September 30, 2024

	TOTAL
Due from Electric Bicycle Brewing Inc.	50,000.00
Due from Tradan Investments Ltd.	50,000.00
Total Non Current Assets	**$1,774,513.26**
Total Assets	**$2,228,078.88**
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
Accounts Payable (A/P)	14,940.03
Total Accounts Payable (A/P)	**$14,940.03**
Credit Card	
Corporate AMEX	-9,461.06
Due to/from Related Parties (1107161 BC Ltd.)	61,779.79
Due to/from Related Parties (3343533 NS Ltd.)	0.00
Due to/from Related Parties (TruLine Design)	0.00
Due to/from Shareholder (Alex)	-267,960.33
Mortgage Payable - 14 Allan	102,907.55
Mortgage Payable - 18 Claremont	74,279.31
Mortgage Payable - 2138 Brunswick	625,090.28
Mortgage Payable - 252 Prince Street, PE	0.00
Mortgage Payable - 61/63 Provost	91,708.77
RBC Visa Payable (Alex)	3,058.42
RBC Visa Payable (Kristen)	10,072.32
Total Credit Card	**$691,475.05**
Accrual	19,279.19
Alex Personal Expenditures	-68,384.45
Current Portion of LTD	79,895.66
Due to/from Old Orchard Inn	-158,242.90
Due to/from Related Parties (3342963 NS LTD (Flow Through))	156,050.45
Due to/from Related Parties (Blue Lobster Acquisitions)	-3,651.15
Due to/from Related Parties (Cidery)	0.00
Due to/from Related Parties (Rice Family Trust)	-2,173.09
GST/HST Payable	97,644.00
GST/HST Suspense	-30,018.41
HST on Real Property	0.00
Income Tax Payable	129,281.39
Total Current Liabilities	**$926,095.77**
Non-current Liabilities	
Current Portion of LTD - Contra	-79,895.66
Notes Payable	0.00
Rental Damage Deposits	625.00
Tesla Loan	103,311.63
Total Non-current Liabilities	**$24,040.97**
Total Liabilities	**$950,136.74**

Blue Lobster Capital Inc

Balance Sheet

As of September 30, 2024

	TOTAL
Equity	
A. Rice, Withdrawals	-221,160.00
Common Stock	100.00
Dividend	0.00
Opening Balance Equity	0.00
Refundable income taxes	0.00
Retained Earnings	1,320,704.03
Profit for the year	178,298.11
Total Equity	**$1,277,942.14**
Total Liabilities and Equity	**$2,228,078.88**

Blue Lobster Capital Inc

Profit and Loss

July - September, 2024

	TOTAL
INCOME	
Sales	27,191.07
Services	49,999.98
Total Income	**$77,191.05**
GROSS PROFIT	**$77,191.05**
EXPENSES	
Automotive	221.70
Forbearance costs	7,293.72
Fuel	79.77
Insurance	9,287.34
Interest and Bank charges	105.33
Interest expense	6,187.58
Legal and professional fees	4,186.09
Meals and entertainment	1,517.73
Office Supplies	120.00
Promotional	186.61
Property Taxes	384.17
Repair and maintenance	1,056.58
Shipping and delivery expense	502.35
Taxes and Licenses	271.70
Travel	323.62
Utilities	4,913.33
Total Expenses	**$36,637.62**
OTHER INCOME	
Gain on Sale of Asset	137,744.68
Total Other Income	**$137,744.68**
PROFIT	**$178,298.11**

TAB H

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA ("RBC")**, a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

(i) all inventory of whatever kind and wherever situate;

(ii) all equipment (other than inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");

(iv) all lists, records and files relating to Debtor's customers, clients and patients;

(v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(vi) all contractual rights and insurance claims;

(vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and

(viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(a), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,

(ii) the details of any significant acquisition of Collateral,

(iii) the details of any claims or litigation affecting Debtor or Collateral,

(iv) any loss or damage to Collateral,

(v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and

(vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and Intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

(i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,

(ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,

(iii) all financial statements prepared by or for Debtor regarding Debtor's business,

(iv) all policies and certificates of insurance relating to Collateral, and

(v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

(i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

h) If any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

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

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to,

perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces).

16. Debtor represents and warrants that the following information is accurate:

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME		BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR	CITY		PROVINCE	POSTAL CODE
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME		BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR (IF DIFFERENT FROM ABOVE)	CITY		PROVINCE	POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR			
3317427 NOVA SCOTIA LIMITED			
ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE
63 PROVOST STREET	NEW GLASGOW	NS	B2H 2P5

TRADE NAME (IF APPLICABLE)

TRADE NAME OF DEBTOR			
PRINCIPAL ADDRESS (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 22 day of May, 2019.

3317427 NOVA SCOTIA LIMITED

WITNESS

Seal

WITNESS

Seal

BRANCH ADDRESS

NORTHERN/EASTERN NS & CB CFS
940 PRINCE ST
TRURO NS
B2N 1H5

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

1. **Locations of Debtor's Business Operations**

   63 PROVOST STREET
   NEW GLASGOW
   NS CANADA
   B2H2P5

2. **Locations of Records relating to Collateral (if different from 1. above)**

3. **Locations of Collateral (if different from 1. above)**

SCHEDULE "C"

(DESCRIPTION OF PROPERTY)

TAB I

GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **3317427 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$150,000.00 One Hundred Fifty Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Prime Interest Rate of the Bank plus 5.000 Five** percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured; provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the **Province of Nova Scotia** ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A. Provinces except Ontario.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this May 22, 2019 (MONTH) (DAY) (YEAR)

IN THE PRESENCE OF

Witness Signature :

Name: Leslie Otter

KEVIN ALEX RICE

Witness Signature :

Name:

Witness Signature :

Name:

Witness Signature :

Name:

Insert the full name and address of guarantor (Undersigned above).

Full name and address
KEVIN ALEX RICE. 1301-1320 CHESTERFIELD AVENUE, NORTH VANCOUVER BC V7M0A6

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the Customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

THE GUARANTEES ACKNOWLEDGEMENT ACT (ALBERTA)
CERTIFICATE OF BARRISTER AND SOLICITOR

I HEREBY CERTIFY THAT:

(1) , the guarantor in the guarantee dated made between ROYAL BANK OF CANADA and , which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by _____, Barrister and Solicitor at the _____ of _____, in the Province of Alberta, this _____ day of _____, 20_____.

_____
Signature

(Guarantor to sign in presence of Barrister and Solicitor)

STATEMENT OF GUARANTOR

I am the person named in the certificate _____
Signature of Guarantor

(To be completed when the guarantor is an individual and the guarantee is stated to be governed by the laws of Saskatchewan and the Customer is a farmer, farm corporation or farm partnership in Saskatchewan or engages in a farming operation or owns farm assets in Saskatchewan.)

THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)
CERTIFICATE OF LAWYER OR NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) of in the Province of , the guarantor in the guarantee dated made between ROYAL BANK OF CANADA and , which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at this under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

_____
A LAWYER OR A NOTARY PUBLIC IN AND FOR

_____

STATEMENT OF GUARANTOR

I am the person named in the certificate _____
Signature of Guarantor

TAB J

Royal Bank of Canada
Guarantee and Postponement of Claim

SRF:
552638793

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
3317427 NOVA SCOTIA LIMITED

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **3317427 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$250,000.00 Two Hundred Fifty Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Prime Interest Rate of the Bank plus 5.000 Five** percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of

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Reference No. 660947439

one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the **Province of Nova Scotia** ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by

law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this ____ day of 26 April 2020, _____.

WITNESS

KEVIN ALEXANDER RICE

Insert the full name and address of guarantor (Undersigned above).

Full name and address
KEVIN ALEXANDER RICE
1301, 1320 CHESTERFIELD AVE, NORTH VANCOUVER, BC V7M 0A6

TAB K

Royal Bank of Canada
Guarantee and Postponement of Claim

SRF:
552638793

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
3317427 NOVA SCOTIA LIMITED

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **3317427 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$251,000.00 Two Hundred Fifty-One Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Prime Interest Rate of the Bank plus 5.000 Five** percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of

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Reference No. 106243129

one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the **Province of Nova Scotia** ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by

law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 27 day of April, _____.

3284906 NOVA SCOTIA LIMITED

K Alexander

Insert the full name and address of guarantor (Undersigned above).

Full name and address

TAB L

[Collateral Mortgage - Newfoundland, Nova Scotia, and Prince Edward Island]

This Collateral Mortgage made this _____ day of _____, 2020.

BETWEEN:

3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

(a) "Condominium Corporation" means the condominium corporation of which the Mortgagor is a member by virtue of ownership of the Mortgaged Premises;

(b) "Condominium Unit(s)" means the condominium unit(s) and common interests appurtenant thereto described in Schedule "A" annexed hereto;

(c) "Customer" means 3317427 NOVA SCOTIA LIMITED, who is a customer of the Mortgagee. If more than one person is named as a Customer, the term "Customer" means all and any one or more of them and the liabilities of the Customer (as hereinafter defined) means the liabilities of all or any one or more of them to the Mortgagee;

(d) "Guarantor" means the party or parties of the third part who has executed this Mortgage to guarantee the obligations of the Mortgagor pursuant to the provisions of Section 16 of this Mortgage;

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by the Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreement or dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of One Hundred Thirty Three Thousand ---------- Dollars ($ 133,000.00) (the "Principal Sum"), together with interest from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

(Use one of the two below and delete the other)

(a) Fixed Interest Rate

Interest at the rate of _____ per centum (_____%) per annum, calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum;

(b) Prime Rate

Interest at a rate equal to the Mortgagee's Prime Interest Rate per annum in effect from time to time plus five per cent per centum (P+5.00 %) per annum calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum. For the purpose hereof, the Prime Interest Rate is the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect

for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Mortgagee's Prime Interest Rate applicable at any time, or times, it is agreed that the certificate in writing of the Mortgagee setting forth the Mortgagee's Prime Interest Rate as at any time, or times, shall be conclusive evidence as to the Mortgagee's Prime Interest Rate as in the certificate set forth;

(g) "Loan" means any loan, facility or arrangement creating the Indebtedness;

(h) "Loan Document" means any agreement or instrument evidencing the Indebtedness;

(i) "Mortgagee" means Royal Bank of Canada;

(j) "Mortgaged Premises" means the lands described in Schedule "A" annexed hereto, together with all easements, rights of way, tenements, hereditaments, rights, privileges and appurtenances now or hereafter belonging or appertaining to these lands, and together with, if applicable, all buildings, erections, structures and appurtenances, fixed or otherwise, now or hereafter put on these lands and includes a Condominium Unit(s), if applicable;

(k) "Mortgagor" means the party or parties of the first part.

2.0 RECITALS

2.1 The Mortgagee has requested from the Mortgagor security for the due payment of the Indebtedness.

2.2 The Mortgagor has agreed to execute this Mortgage for the purpose of securing to the Mortgagee payment of the Indebtedness.

3.0 CHARGE

3.1 In consideration of the sum of $1.00, the Mortgagor assigns, conveys and mortgages, as beneficial owner by way of a first fixed and specific charge to the Mortgagee the Mortgaged Premises TO HOLD the Mortgaged Premises unto the Mortgagee:

(a) as to leasehold lands, for all the residue yet to come and unexpired of the term granted by the lease of the same except the last day thereof which is excepted out of the Mortgaged Premises but in respect of which the Mortgagor shall stand possessed in trust for the Mortgagee for the purpose of this Mortgage; and

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

3.2 Provided that this Mortgage shall be void upon the Mortgagor paying upon demand to the Mortgagee the Principal Sum and all other amounts payable by the Mortgagor hereunder and upon the due performance of all covenants and conditions herein contained and on the part of the Mortgagor to be observed and performed, but shall otherwise remain in full force and effect.

4.0 COVENANTS

4.1 The Mortgagor covenants with the Mortgagee that:

(a) The Mortgagor will pay upon demand that portion of the Principal Sum then outstanding, together with interest thereon from the date of demand at the Interest Rate, and on default the Mortgagee may enter and have quiet enjoyment of the Mortgaged Premises.

(b) (i) The Mortgagor will pay all taxes, rates and assessments and show receipts on demand, or at the option of the Mortgagee, pay to the Mortgagee one-twelfth of the yearly taxes as estimated by the Mortgagee on the first day of each and every month during the term or continuance of this Mortgage and the Mortgagee shall apply such payments on account of the taxes so long as the Mortgagor shall not default under any covenant or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of the taxes more often than yearly; or prior to discount or interest dates; provided however that if the Mortgagor shall pay any sum or sums to the Mortgagee to apply on account of the taxes and if before the same shall have been so applied there shall be default by the Mortgagor in respect of any payment of the Indebtedness, the Mortgagee may at its option apply such sum or sums in or towards payment of the principal and/or interest in default; and in the event that the taxes actually levied for any one year together with any interest and penalties

thereon exceed the estimated amount, the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency; and if the Mortgagor desires to take advantage of any discounts or avoid any penalty in connection with the payment of the taxes, the Mortgagor shall pay to the Mortgagee such additional amounts as are required and shall direct the Mortgagee to make such payments for that purpose; and the Mortgagor shall transmit to the Mortgagee forthwith after receiving them, tax bills and other notices affecting the imposition of taxes upon the Mortgaged Premises.

(ii) The Mortgagee shall allow the Mortgagor interest, at the rate prescribed by the Mortgagee on the minimum monthly balance outstanding in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less than once each year; and the Mortgagor shall be charged interest at the Interest Rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee until such debit balance is fully repaid.

(c) The Mortgagor has a good freehold/leasehold title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed, that the Mortgaged Premises are free from encumbrances, and that the Mortgagor will procure such further assurances as may reasonably be required.

(d) (i) The Mortgagor will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Mortgaged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Mortgaged Premises or the use thereof, in a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Mortgagee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee, and the Mortgagor will forthwith assign, transfer and deliver over unto the Mortgagee the policy or policies of insurance and receipts thereto appertaining; and if the Mortgagor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Mortgagee shall pay any premiums or sums of money for insurance for the buildings on the Mortgaged Premises or any part thereof the amount of such payment shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Mortgagor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this Mortgage shall be sufficient authority for the said insurance company to pay any such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Mortgaged Premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part, in payment of this Mortgage debt or any part thereof whether due or not then due.

(ii) If the Mortgaged Premises are comprised of one or more Condominium Units, the insurance provisions set out in subparagraph (i) above will not apply and the following will apply to this Mortgage:

The Mortgagor or the Condominium Corporation or both of them will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, the Condominium Unit(s), both during erection and thereafter and all fixtures as herein defined or referred to and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Condominium Unit(s) or the use thereof, in a company or companies approved by the Mortgagee; and the Mortgagor or the Condominium Corporation, or both of them, will forthwith provide to the Mortgagee certificates of insurance and such other evidence of insurance as the Mortgagee may require, and if the Mortgagor or Condominium Corporation, or both of them, shall

neglect to keep the Condominium Unit(s) insured as aforesaid, or to deliver such certificates or evidence of insurance to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obligated to insure the Condominium Unit(s); and the Mortgagor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies of insurance and, without limiting the generality of the obligation of the Mortgagor to observe and perform all the duties and obligations imposed on the Mortgagor by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, shall comply with the insurance provisions of the Declaration; and the Mortgagor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(e) The Mortgagor will keep the Mortgaged Premises in good condition and repair according to the nature and description thereof and if the Mortgaged Premises are not kept in good condition and repair or any act of waste is committed thereon by the Mortgagor or any person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor defaults the Mortgagee may enter and complete, repair or manage the Mortgaged Premises and recover all reasonable costs with interest at the Interest Rate as part of this Mortgage.

(f) The Mortgagor will not make or permit to be made any demolition, alterations or additions to the Mortgaged Premises without the consent of the Mortgagee, and will not use the Mortgaged Premises or permit them to be used without the consent of the Mortgagee for a purpose other than disclosed to the Mortgagee in the application for this Mortgage.

(g) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Mortgaged Premises to inspect the Mortgaged Premises, and the reasonable costs of such inspection shall be added to the indebtedness secured by this Mortgage.

(h) The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Mortgaged Premises or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at the Mortgagor's own expense make any and all improvements thereon or alterations to the Mortgaged Premises, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

(i) In the event of default being made under any of the terms of this Mortgage, the Mortgagee shall be entitled to send an inspector or agent to inspect and report upon the value, state, and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the Mortgaged Premises at the Mortgagor's expense, and all expenses incurred in so doing, together with all costs and charges (including solicitor and client costs) which the Mortgagee may incur or pay in collecting or attempting to collect the Principal Sum and any other monies secured hereunder, or in enforcing or attempting to enforce any of the remedies and powers herein contained for the recovery of the Principal Sum and any other monies secured hereunder, whether the proceedings taken prove abortive or not, and in recovering or attempting to procure possession of and keeping possession of the Mortgaged Premises or any part thereof, shall form and be a charge upon the Mortgaged Premises, and shall be payable forthwith to the Mortgagee by the Mortgagor, and shall bear interest at the Interest Rate computed from the time of payment.

(j) In the event of the Mortgagor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Mortgaged Premises to a purchaser, grantee or transferee not approved by the Mortgagee, then at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(k) The Mortgagor will not, without the prior written consent of the Mortgagee, give any further mortgage or charge of the Mortgaged Premises while this Mortgage is still outstanding and undischarged and if the Mortgagor should mortgage or charge the Mortgaged Premises in contravention of this paragraph then, at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(l) Any sum owing or required by this Mortgage to be paid by the Mortgagor to the Mortgagee shall be added to the Principal Sum and shall form a charge on the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

5.0 APPLICATION OF PAYMENTS

5.1 **PROVIDED** that, in the case of any default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.

6.0 ACTS OF DEFAULT

6.1 **PROVIDED** that in default of the payment of the Principal Sum and any other monies secured hereunder, or on breach of any covenant or proviso herein contained, or if waste be committed by the Mortgagor or any other person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor should make an assignment for the benefit of creditors, or a proposal under the *Bankruptcy and Insolvency Act*, or *Companies' Creditors Arrangement Act* or have a bankruptcy petition presented against the Mortgagor, or if the Mortgagor should allow a creditor to enter judgment against the Mortgagor by reason of its financial inability to pay a debt or debts, the whole of the Principal Sum and any other monies secured hereunder remaining unpaid shall become payable, but the Mortgagee may waive its right to demand payment of the Principal Sum and any other monies secured hereunder and shall not be therefor debarred from subsequently asserting and exercising its right to call in the Principal Sum and any other monies secured hereunder by reason of such waiver or by reason of any future default, and the Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advancing of any part of the Loan, shall bind the Mortgagee to advance any further part of the Loan, but the advance of the Loan or any part thereof shall be in the sole discretion of the Mortgagee.

7.0 PRIOR ENCUMBRANCES

7.1 **PROVIDED** that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the Mortgaged Premises, having priority over this Mortgage, including any arrears of taxes or other rates on the Mortgaged Premises or any of them, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Mortgaged Premises and all solicitors' charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Mortgagor thereunder, as between solicitor and client, whether any action or other judicial proceeding to enforce such payment has been taken or not and the amounts so paid shall be added to the Indebtedness hereby secured and be a charge on the Mortgaged Premises and shall bear interest at the Interest Rate, and shall be forthwith payable by the Mortgagor to the Mortgagee and the non-payment of such amount shall entitle the Mortgagee to exercise the powers exercisable for breach of covenant hereinbefore contained. In the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

8.0 JUDGMENT

8.1 The taking of a judgment in respect of the Indebtedness or any instrument or instruments now or hereafter representing or evidencing the Indebtedness, or under any of the covenants herein, or in any such instrument contained or implied, shall not operate as a merger of the Indebtedness or such instrument, instruments or covenants, nor affect the Mortgagee's right to interest at the Interest Rate, nor affect nor prejudice any rights or remedies given to the Mortgagee by the terms hereof.

9.0 FIXTURES

9.1 All machinery and improvements, fixed or otherwise, and even though not attached to the Mortgaged Premises otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Mortgaged Premises as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns and all persons claiming by, through or under them and shall be security for the Indebtedness.

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

10.1 IT IS AGREED BY AND BETWEEN THE MORTGAGOR AND MORTGAGEE as follows:

(a) That no part of the Indebtedness existing at the date of this Mortgage, or incurred or arising thereafter, shall be deemed to be unsecured by this Mortgage.

(b) That this Mortgage is and shall be a continuing collateral security to the Mortgagee for the amount of the Indebtedness as herein provided and shall be deemed to be taken as security for the ultimate balance of the Indebtedness and this Mortgage shall not, nor shall anything herein contained operate so as to create any merger or discharge of any debt

owing to the Mortgagee or any lien, bond, promissory note or bill of exchange or other security held by or which may hereinafter be held by the Mortgagee from the Mortgagor or from the Customer or from any other person or persons and this Mortgage shall not in any way prejudicially affect such security held or which may hereafter be held by the Mortgagee for the liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Mortgagee for or on account of the said liabilities or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Mortgage.

(c) That any and all payments made in respect of the indebtedness and interest and the monies or other proceeds received from the sale of any securities held therefor, including this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the indebtedness as the Mortgagee may see fit or may be held unappropriated in a separate collateral account for such time as the Mortgagee may see fit.

(d) That the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Mortgagor, the Customer, the Guarantor and all other persons, securities and guarantees as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage.

11.0 CHANGE OF CORPORATE CONTROL

11.1 Where the Mortgagor is a corporation, the Mortgagor covenants and agrees in the event that:

(a) the Mortgagor fails to supply to the Mortgagee, in a form satisfactory to the Mortgagee, such information relating to the ownership of its shares as the Mortgagee may from time to time require, or

(b) without the written consent of the Mortgagee first had and obtained,

(i) the Mortgagor issues or redeems any of its shares or transfers any of its shares,

(ii) there is a sale or sales of shares of the Mortgagor which results in the transfer of the legal or beneficial interest of a majority of the shares of the Mortgagor; or

(iii) there is a change in the effective control of the majority of the voting shares of the Mortgagor.

The Principal Sum secured by this Mortgage together with all interest and other monies owing hereunder shall forthwith become due and payable at the option of the Mortgagee and the Mortgagee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

12.0 RECEIVERSHIP

12.1 Notwithstanding anything herein contained, it is declared and agreed that if at any time when there shall be default under the provisions of this Mortgage, the Mortgagee may, at such time and from time to time, and with or without entry into possession of the Mortgaged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Mortgagee or not, to be a receiver (which term, as used herein, includes a receiver manager) of the Mortgaged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another receiver, and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any such receiver from time to time, the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Mortgaged Premises as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies, whether created before or after this Mortgage;

(ii) rent any portion of the Mortgaged Premises which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Premises left by the Mortgagor in an unfinished state

or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(v) manage, operate, repair, alter or extend the Mortgaged Premises or any part thereof.

The Mortgagor undertakes to ratify and confirm whatever any such receiver may do in the Mortgaged Premises.

(b) The Mortgagee may, at its discretion, vest the receiver with all or any of the rights and powers of the Mortgagee.

(c) The Mortgagee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Mortgaged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Mortgagor and, in no event, the agent of the Mortgagee and the Mortgagee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Premises.

(f) No such receiver shall be liable to the Mortgagor to account for monies other than monies actually received by the receiver in respect of the Mortgaged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's power and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Mortgaged Premises in priority to this Mortgage, including taxes;

(iv) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee, in its discretion, shall determine, and

thereafter, every such receiver shall be accountable to the Mortgagor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Mortgagor on demand and shall be a charge on the Mortgaged Premises and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Mortgagor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Mortgagee may, at any time and from time to time, terminate any such receivership by notice in writing to the Mortgagor and to any such receiver.

(i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have.

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

13.1 In the event that any one or more of the Mortgagor is not also the Customer, each such Mortgagor which is not also the Customer (hereinafter in this section 13.1 called "such Mortgagor") jointly and severally covenants with the Mortgagee as follows:

(a) this Mortgage and the covenants, provisos, obligations and agreements on the part of the Mortgagor herein contained shall be the continuing obligations and liability of each such Mortgagor and shall cover all of the liabilities and obligations of the Mortgagor hereunder and shall apply to and shall secure the ultimate balance of the Principal Sum, together with

all interest thereon, and any other monies secured hereunder;

(b) the Mortgagee shall not be bound to exhaust its recourse against the Customer or others or any securities (which term when used in this section 13.1 includes guarantees) it may at any time hold before being entitled to payment from each such Mortgagor of the Principal Sum, together with all interest thereon, and any other monies secured hereunder and each such Mortgagor renounces to all benefits of discussion and division;

(c) this Mortgage and the liabilities and obligations of each such Mortgagor hereunder shall not be affected by the death or loss or diminution of capacity of the Customer or of any such Mortgagor or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Customer, or by the Customer or the Customer's business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;

(d) this Mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Mortgagee and all dividends, compositions, proceeds of security valued and payments received by the Mortgagee from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of any Mortgagor to claim in reduction of his liability under this Mortgage, the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Mortgagee or proceeds thereof, and none of such Mortgagors shall have the right to be subrogated in any rights of the Mortgagee until the Mortgagee shall have received payment in full of all indebtedness;

(e) all of the Principal Sum and any other monies secured hereunder or intended to be secured hereby shall be deemed to form part of the obligations, debts and liabilities of each such Mortgagor notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or suable entity, and notwithstanding any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or creditors, or in the taking or registering of this Mortgage or any other securities, the whole whether known to the Mortgagee or not; and all the Principal Sum and any other monies secured hereunder shall be recoverable from each such Mortgagor as sole or principal debtor in respect thereof and shall be paid to the Mortgagee on demand with interest and accessories; and

(f) each such Mortgagor shall be bound by any account settled between the Mortgagee and the Customer, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Mortgagee shall be accepted by such Mortgagor and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Mortgagee or remains unpaid by the Customer to the Mortgagee.

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

14.1 It is the intention of the parties hereto that the building or buildings erected or to be erected on the Mortgaged Premises form part of the security for the Principal Sum secured by this Mortgage; and that all advances are to be made in such manner at such times and in such amounts up to the full amount of the Principal Sum as the Mortgagee in its sole discretion may determine, and subject always to the provision to which the Mortgagor hereby agrees that notwithstanding the execution or registration of this Mortgage or the advancement of any part of the Loan, the Mortgagee is not bound to advance the Loan or any unadvanced portion thereof and the advance of the Loan and any part thereof from time to time shall be in the sole discretion of the Mortgagee, but nevertheless, this Mortgage hereby made shall take effect forthwith upon execution by the Mortgagor and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the Loan not being advanced, the same to be charged hereby upon the Mortgaged Premises and shall be without demand thereof, payable forthwith with interest at the Interest Rate and in default, the Mortgagee's power of sale hereby given and all other remedies hereunder shall be exercisable.

15.0 EXTENSIONS

15.1 PROVIDED that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor or any other dealing with the owner of the Mortgaged Premises, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the monies hereby secured.

16.0 GUARANTEE OF MORTGAGE

16.1 **IN CONSIDERATION** of the Mortgagee making loans, accommodations, advances or other extensions of credit to the Customer which are the basis for the indebtedness, each Guarantor hereby agrees with the Mortgagee as follows:

(a) Each Guarantor hereby:

(i) guarantees the payment by the Mortgagor to the Mortgagee of all of the Principal Sum and other liabilities of the Mortgagor secured or payable under this Mortgage, present or future covenant, direct or indirect, absolute or contingent, matured or not, including, without limitation, principal, interest, taxes, fees and expenses as and when the same are due and payable under this Mortgage (the "Guaranteed Amounts"); and

(ii) covenants and agrees to perform all other covenants and obligations of the Mortgagor under this Mortgage as and when the same are required to be observed or performed under this Mortgage (the "Guaranteed Covenants");

In each case without any demand required to be made. The obligations of the Mortgagor to pay the Guaranteed Amounts and perform and observe the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations", and this guarantee is hereinafter referred to as the "Guarantee".

(b) If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to "the Guarantor" is to each and every such Guarantor.

(c) If any monies or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor, or any of them, on the footing of a guarantee for any reason whatever, such monies or amounts may be recovered from the Guarantor, or any of them, as a primary obligor and principal debtor in respect of such monies or amounts, regardless of whether such monies or amounts are recoverable from the Mortgagor or would be payable by the Mortgagor to the Mortgagee. For greater certainty, but without restricting the generality of the foregoing, if the Mortgagee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations, including, without limitation, the right of acceleration, the right to be paid interest at the Interest Rate in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Mortgagee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Mortgagor and the Mortgagee; provided, however, that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended and shall not be interpreted to confer on the Guarantor, or any of them, any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

(d) Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Mortgagee may:

(i) grant any time, indulgences, waivers or extensions of time for payment of any of the Guaranteed Obligations;

(ii) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage, and whether by express agreement signed by the Mortgagor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(iii) change the interest rate provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such interest rate is calculated or determined; change from a fixed rate to a variable or floating rate, or from a variable or floating rate to a fixed rate, or otherwise;

(iv) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of this Mortgage in any manner whatever;

(v) release or discharge from this Mortgage the whole or any part of the Mortgaged Premises or any other security for the indebtedness;

(vi) advance additional principal amounts to the Customer pursuant to any provision of this Mortgage and/or a Loan Document that permits the Customer to borrow such additional principal amounts from the Mortgagee;

(vii) permit the Customer to prepay the indebtedness, in whole or in part, or to skip any one or more scheduled instalments of payments of principal and interest, or to pay one or more such scheduled instalment on a scheduled payment date under a Loan Document that permits such prepayment, skipping or multiple payments or otherwise;

(viii) accept compositions, compromises or proposals from the Customer or otherwise deal with the Customer or any other person (including, without limitation, the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including, without limitation, this Mortgage) or the Mortgaged Premises or any security as the Mortgagee sees fit, including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Indebtedness;

(ix) release or discharge any Guarantor, or one or more other co-covenantors or guarantors or Mortgagors in respect of this Mortgage, whether under this Guarantee or otherwise; or

(x) release any subsequent legal or beneficial owner of the Mortgaged Premises from any liability for the Guaranteed Obligations, or any of them, or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under the Guarantee, regardless of whether any such action has the effect of amending or varying this Mortgage or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Mortgagor under this Mortgage as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if the interest rate provided in this Mortgage is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

(c) The obligations of the Guarantor hereunder shall be unaffected by:

(i) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Mortgagor, the Customer or any Guarantor or any other party;

(ii) any irregularity, defect, unenforceability or invalidity in respect of the Indebtedness or this Mortgage or any indebtedness, liability or other obligation of the Mortgagor or any other party;

(iii) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

(iv) any judgment obtained against the Mortgagor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation any money on deposit and any guarantee) or any right or remedy, from or against the Mortgagor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect, any security (including without limitation any money on deposit or any guarantee) or any right or remedy;

(v) any change in the name, control, objects, business, assets, capital structure or constitution of the Mortgagor, the Customer or any Guarantor, or any merger or amalgamation of the Mortgagor, the Customer or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Mortgagor, the Customer or Guarantor was originally formed, or any change in the membership of the Mortgagor, the Customer or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Mortgagor", the "Customer", or the "Guarantor" in this Mortgage will be deemed to include each corporation and each partnership resulting from any of the foregoing;

(vi) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of this Mortgage or the Guarantee, or the Mortgagor, the Customer or any Guarantor;

(vii) any failure on the part of the Mortgagee to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Mortgagee with respect to this Mortgage, or any other security granted to the Mortgagee relating to this Mortgage or the Indebtedness; and

(viii) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;

It being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Mortgage shall be absolute and unconditional under any and all circumstances.

(f) Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Mortgagee in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Mortgagee, and the Guarantor shall not seek any reimbursement from the Mortgagor.

(g) The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Mortgage (whether such payment shall have been made by or on behalf of the Mortgagor or the Guarantor or any of them) is rescinded, or is reclaimed from the Mortgagee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Mortgagor, the Customer or the Guarantor or any of them, or for any other reason.

(h) The Mortgagee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Mortgagor, the Customer or any other party or any assets of the Mortgagor, the Customer or of any other party before being entitled to demand payment or performance by any Guarantor of its obligations under this Mortgage. Each Guarantor hereby waives all benefit of discussion and division.

(i) Any Guarantor may, by notice in writing delivered to the manager of the branch or agency of the Mortgagee receiving this instrument, terminate the Guarantor's liability under this Mortgage with effect from and after the date (the "Termination Date") that is 30 days following the date of such notice in respect of Guaranteed Obligations incurred or arising at any time on or after the Termination Date but not in respect of any Guaranteed Obligations incurred, arising or existing before the Termination Date, even though not then matured. Notwithstanding the foregoing, the Mortgagee may fulfil any requirements of the Mortgagor under this Mortgage or any indebtedness requested by the Mortgagor prior to the receipt of such notice, and any liabilities of the Mortgagor resulting from such fulfilment shall be added to the Guaranteed Obligations and shall be secured by this Mortgage. Termination of the liability of one or more of the Guarantors shall not affect the liability of any other Guarantor.

(j) Each Guarantor shall indemnify and save harmless the Mortgagee from and against all losses, damages, costs and expenses which the Mortgagee may sustain, incur or become liable for by reason of:

(i) the failure, for any reason whatever, of the Mortgagor to pay any amounts expressed to be payable pursuant to the provisions of this Mortgage, regardless of whether the Mortgagor's obligation to pay such amounts is valid or enforceable against the Mortgagor;

(ii) the failure, for any reason whatever, of the Mortgagor to perform any other obligation under this Mortgage; or

(iii) any act, action or proceeding of or by the Mortgagee for or in connection with the recovery of such amounts or the performance of such obligations.

(k) The Guarantee shall be operative and binding upon every Guarantor upon execution and delivery of this Mortgage by such Guarantor, regardless of whether it has been executed by any other proposed guarantor or guarantors.

17.0 CONDOMINIUMS

17.1 If this Mortgage charges one or more Condominium Units, the following provisions shall apply:

(a) The Mortgagor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Mortgagor by the Condominium Act, the declaration, the by-laws, and the rules, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the Condominium Unit(s). Any breach of the said duties and obligations shall constitute a breach of covenant under this Mortgage.

(b) Without limiting the generality of the foregoing, the Mortgagor covenants and agrees that he will pay promptly when due any contributions to common expenses required of him as an owner of the Condominium Unit(s) and in the event of his default in doing so the Mortgagee, at its option, may pay the same and the amount so paid shall be added to the debt secured by this Mortgage and shall be a charge on the Condominium Unit(s) and shall bear interest at the Interest Rate from the time of such payments and shall be payable forthwith by the Mortgagor to the Mortgagee whether or not any payment in default has priority to this Mortgage or any part of the monies secured thereby.

(c) The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee to exercise the right of the Mortgagor as an owner of the Condominium Unit(s) to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the said Condominium Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgagee

revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Mortgagee shall not by virtue of the assignment to the Mortgagee of the right to vote or consent be under any obligation to vote or consent to protect the interests of the Mortgagor.

(iii) The exercise of the right to vote or consent shall not constitute the Mortgagee a mortgagee in possession.

18.0 DISTRESS

18.1 **PROVIDED** that and it is further stipulated and agreed by and between the parties to this Mortgage that the Mortgagee, its successors or assigns, may distrain for arrears of interest against the Mortgaged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payment of taxes, if required, in the same manner as if the same were arrears of interest.

19.0 RIGHTS ON DEFAULT

19.1 The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Mortgagor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Mortgagee may, at such time or times as it may deem necessary and without the concurrence of any other person, enter upon the Mortgaged Premises and make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Mortgaged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee, and shall be a charge upon the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

19.2 **PROVIDED** also that in the event of default of payment of the Principal Sum with interest thereon and any other monies secured hereunder, or in the due performance of any provision in this Mortgage, the Mortgagee may, where legally permitted or required, enter on or lease or sell the Mortgaged Premises, but no power of sale shall be exercised until after four weeks' notice has been given. Any such sale may be a sale of the Mortgaged Premises as a whole or in separate parcels at public auction, by public tender or by private sale or partly in one manner and partly in another manner or manners, at such time and on such terms and conditions as the Mortgagee shall appoint, having first given such notice as it may think proper or as may be required by law, and upon such reasonable conditions as to upset or reserve, bid or price and as to terms of payment as it may deem proper. The Mortgagee may adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Mortgaged Premises good and sufficient deed or deeds for the same, the Mortgagee being hereby constituted the irrevocable attorney of the Mortgagor for the purpose of making such sale and executing such deeds and any such sale as aforesaid shall be a perpetual bar both at law and at equity against the Mortgagor and all persons claiming the Mortgaged Premises, by, from, through or under the Mortgagor; provided that the Mortgagee shall have the right exercisable and any time and from time to time to purchase all or any part of the Mortgaged Premises if the same are sold by public auction or by public tender.

20.0 OBLIGATIONS SURVIVE SALE

20.1 **PROVIDED** further that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the monies hereby secured.

21.0 NEW HOME WARRANTY PLAN ACT

21.1 If the Mortgagee incurs any cost or expense of any nature or kind, in any way arising from or relating to a new home warranty act or similar legislation and the regulations thereunder, including any amendments or replacements, or either of them (the "Act"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the Act or enrolling the Mortgaged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a mortgage on the Mortgaged Premises in priority to all other encumbrances registered or arising subsequent to this Mortgage and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee.

22.0 PARTIAL RELEASE

22.1 **PROVIDED** that the Mortgagee may at all times release any part or parts of the Mortgaged Premises or other security or any surety or guarantor for payment of all or any part of the Indebtedness hereby secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the Indebtedness, either with or without consideration therefore, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other party to this Mortgage, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release, the Mortgaged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the Principal Sum secured by this Mortgage.

23.0 RELEASE

23.1 The Mortgagee shall have a reasonable time after payment in full of the amounts secured by this Mortgage within which to prepare, execute and register, if required, a discharge or assignment of this Mortgage; provided that interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Mortgagee. All legal and other expenses for the preparation, execution and registration, as applicable, of such discharge or assignment and any other administrative fee of the Mortgagee in connection therewith shall be borne by the Mortgagor.

24.0 LIENS AND CONSTRUCTION

24.1 **PROVIDED** also that upon the registration of any lien against the Mortgaged Premises, or in the event of any buildings being erected thereon or allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the Principal Sum, together with interest at the Interest Rate, and all other amounts secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable. In the event any lien is registered against the Mortgaged Premises, the Mortgagee shall have the right, but not the obligation, to pay such amounts as may be required to vacate the lien. Any amount so paid by the Mortgagee, together with all costs, charges and expenses incurred by the Mortgagee in connection therewith, including all solicitors' charges or commissions, on a solicitor and its own client basis, shall be added to the Principal Sum secured by this Mortgage and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Mortgaged Premises prior to all claims thereon subsequent to this Mortgage, and shall be forthwith payable on demand.

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

25.1 It is agreed that in the event that at any time any provision of this Mortgage is illegal or invalid under, or inconsistent with, the provisions of any applicable statute or regulation thereunder or would, by reason of the provisions of any such statute or regulation, render the Mortgagee unable to collect the amount of any loss sustained by it as a result of providing the Indebtedness which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would render the Mortgagee unable to collect the amount of any such loss.

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

26.1 **PROVIDED** that no failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall prejudice such rights or any other rights of the Mortgagee; no performance or payment by the Mortgagee in respect of any breach or default hereunder of the Mortgagor shall relieve the Mortgagor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

27.0 MORTGAGEE'S EXPENSES

27.1 The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to this Mortgage, and to any and all documents required in connection therewith, and of any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable hereunder including, without limiting the generality of the foregoing, all solicitors' fees, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Mortgagee thereon and all costs and expenses valuing the Mortgaged Premises in connection with the foregoing. The Mortgagor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Interest Rate and shall be a charge on the Mortgaged Premises.

28.0 OTHER SECURITY

28.1 This Mortgage is in addition to, and not in substitution for, any other security held by the Mortgagee, including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Mortgagee for the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. Without limiting the generality of the foregoing, this Mortgage is in addition to, and not in substitution for, any other charges now or hereafter held by the Mortgagee over the Mortgaged Premises as security for monies advanced hereunder or any other monies due to the Mortgagee, and it is understood and agreed that the aggregate principal amount secured by this Mortgage and such other charges shall be the sum of the Principal Sum and all other monies secured hereunder and the respective principal amounts of such other charges.

29.0 HEADINGS

29.1 The headings of sections herein are inserted for convenience or reference only and shall not affect the construction or interpretation of this Mortgage.

30.0 INTERPRETATION

30.1 AND it is hereby agreed that where the context requires, words in the singular include the plural, and words importing the masculine gender include the feminine and neuter genders. All covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor shall be joint and several, and shall be binding upon the heirs, executors, administrators, successors and assigns of the Mortgagor, as the case may be.

30.2 This Mortgage is made in pursuance of any applicable enactments respecting short forms of indentures.

31.0 RECEIPT OF TRUE COPY

31.1 The Mortgagor (and the Guarantor, if applicable) acknowledges receipt of a copy of this Mortgage.

IN WITNESS WHEREOF the Mortgagor (and the Guarantor, if applicable) has properly executed this Mortgage the day and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

Witness:
Christene Hirschfeld

3317427 NOVA SCOTIA LIMITED

Per: Alex Rice, President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3317427 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 4 day Feb of _____, 2020, before me:

A Barrister of the Supreme Court of Nova Scotia
Christene Hirschfeld

K Alex Rice
Alex K. Rice

PL# 146238.011/9417305

PARCEL DESCRIPTION REPORT

2020-01-22 15:46:28

PID:	988246
CURRENT STATUS:	ACTIVE
EFFECTIVE DATE/TIME:	2004-12-16 16:11:43

SCHEDULE A

ALL THAT CERTAIN lot, piece or parcel of land situate, lying and being in the Town of Stellarton, in the County of Pictou and Province of Nova Scotia, bounded and described as follows:

BEGINNING at the southeast corner of a lot of land deeded to George and Lilpha McDonald by Marion Cameron and C. H. Cameron,(now or formerly owned by Foster Willis Gordon, Elva Mary Gordon, and David Foster Gordon) and running north sixty-five (65) degrees west sixty (60) feet;

THENCE north fifty-eight (58) degrees and thirty (30) minutes west sixty (60) feet or until it reaches the western corner of lot owned by Thomas Urquhart, (now or formerly owned by Elma Marjory Rideout and Kenneth Harris Rideout),

THENCE south thirty-three (33) degrees west one hundred (100) feet, along lands now or formerly owned by Clarence E. Smith and Stella A. Smith,

THENCE south sixty-three (63) degrees east one hundred and twenty (120) feet, along Claremont Avenue,

THENCE north thirty-three (33) degrees east one hundred (100) feet, along Fairview Street, to place of beginning,

CONTAINING in all twelve thousand (12,000) square feet, more or less.

BEING AND INTENDED to be the same lot of land as registered at the Registry of Deeds in Pictou, Nova Scotia in Book 345 at Page 126, and also being and intended to be the same lot of land as registered at the Registry of Deeds in Pictou, Nova Scotia in Book 408 at Page 84.

External Comments:

Description Change Details:

Reason:
Author of New or Changed Description:

Name:

Registered Instruments:

Comments:

This is Exhibit "11" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB M

E-FORM 760
(2000/03)

ASSIGNMENT OF RENTS

THIS INDENTURE made this 4 day of Feb, 2020

BETWEEN:

3317427 Nova Scotia Limited

hereinafter called the "Assignor"

OF THE FIRST PART,

and

ROYAL BANK OF CANADA

hereinafter called the "Assignee"
OF THE SECOND PART.

WHEREAS, by a Mortgage dated Feb.4/2020 and registered in the Land Registry Office for the Land (Registry/Titles) Division of Pictou, as instrument No. 116017162 the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed which Mortgage secures payment of the sum of One Hundred Thirty Three Thousand Dollars ($133,000.00) and interest as therein mentioned and which Mortgage is hereinafter referred to as "the Mortgage". Whenever in this indenture reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof and any Mortgage taken in substitution therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee, its successors and assigns, the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from, leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto (the "Leases") now or hereafter entered into by the Assignor as landlord with tenants thereof (Lessees) and including without limitation the specific leases referred to in Schedule "B" hereto annexed, as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this Indenture contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS INDENTURE WITNESSETH that the Assignor in consideration of the premises, the making of the said Mortgage, and the sum of One ($1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases (including without limitation the specific leases referred to in Schedule "B" hereto annexed) and all benefits and advantages to be derived therefrom, to hold and receive the same unto the said Assignee, its successors and assigns.

2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months' of such rents being prepaid under such Leases, or variation, cancellation or surrender of any of the Leases, or of the terms, covenants, provisos or conditions thereof.

3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.

4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this Indenture herein contained in any or all of the following ways:

(a) in its own name;

(b) in the name of the Assignor, and

(c) in the names of both the Assignor and the Assignee jointly,

5. The Assignor agrees to assign any of the said Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of its security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases, (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises on the lands and premises described in Schedule "A" hereto or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the said Lessee to make such payments, and the payments of the said rentals to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an Arbitration Award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this Assignment of Rents upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the
Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this Assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this Indenture contained shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and that the Assignee shall not by virtue of these presents be deemed a mortgagee in possession of the lands and premises described in Schedule "A" hereto and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of these presents.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this Indenture shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

13. IT IS HEREBY DECLARED AND AGREED that these presents and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF the Assignor has hereunto affixed its corporate seal under the hands of its proper signing officers duly authorized in that behalf.

SIGNED, SEALED AND)
)
DELIVERED BY)
)
)
)

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3317427 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 4 day of January, 2020, before me:

A Barrister of the Supreme Court of Nova Scotia
Christine Hirschfeld

K Alex Rice
Alex K. Rice

PL# 146238.011/9417305

SCHEDULE "A"

See attached.

PARCEL DESCRIPTION REPORT

2020-01-22 15:46:28

PID:	988246
CURRENT STATUS:	ACTIVE
EFFECTIVE DATE/TIME:	2004-12-16 16:11:43

SCHEDULE A

ALL THAT CERTAIN lot, piece or parcel of land situate, lying and being in the Town of Stellarton, in the County of Pictou and Province of Nova Scotia, bounded and described as follows:

BEGINNING at the southeast corner of a lot of land deeded to George and Lilpha McDonald by Marion Cameron and C. H. Cameron,(now or formerly owned by Foster Willis Gordon, Elva Mary Gordon, and David Foster Gordon) and running north sixty-five (65) degrees west sixty (60) feet;

THENCE north fifty-eight (58) degrees and thirty (30) minutes west sixty (60) feet or until it reaches the western corner of lot owned by Thomas Urquhart, (now or formerly owned by Elma Marjory Rideout and Kenneth Harris Rideout),

THENCE south thirty-three (33) degrees west one hundred (100) feet, along lands now or formerly owned by Clarence E. Smith and Stella A. Smith,

THENCE south sixty-three (63) degrees east one hundred and twenty (120) feet, along Claremont Avenue,

THENCE north thirty-three (33) degrees east one hundred (100) feet, along Fairview Street, to place of beginning,

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BEING AND INTENDED to be the same lot of land as registered at the Registry of Deeds in Pictou, Nova Scotia in Book 345 at Page 126, and also being and intended to be the same lot of land as registered at the Registry of Deeds in Pictou, Nova Scotia in Book 408 at Page 84.

External Comments:

Description Change Details:

Reason:

Author of New or Changed Description:

Name:

Registered Instruments:

Comments:

SCHEDULE "B"

All leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto.

Statement of Registered and Recorded Interests

Land Registration Date/Time: 2004-12-17 08:34:18
Date/Time of Issuance of SRI: 2020-03-11 15:07:52
Date/Time of Parcel Register Update: 2020-03-11 15:07:36

Registration District: PICTOU COUNTY
User Reference: ASN/CHH/146238.011/T

PARCEL INFORMATION:

Parcel Identification Number (PID): 988246
Civic Address and Lot Number: 18 CLAREMONT AVENUE STELLARTON
Condominium Corp. Number:
General Location of the Parcel: STELLARTON
Parcel Access Type: PUBLIC

REGISTERED OWNER'S INFORMATION:

Owner Name: 3317427 NOVA SCOTIA LIMITED
Qualifier:
Interest Type: FEE SIMPLE
Document Reference: 116001281 2020-03-05 10:58:34

Instrument Type: DEED
Address of Owner: 99 WYSE ROAD SUITE 600
POST OFFICE BOX 876
DARTMOUTH NS CA
B2Y 3Z5
Non-resident of Nova Scotia? NO

MANNER OF TENURE: NOT APPLICABLE
Description of Tenure:

RECORDED INTERESTS AND INSTRUMENTS:

Interest Holder Name: ROYAL BANK OF CANADA
Qualifier:
Interest Type: ASSIGNEE

Document Reference: 112719365 2018-06-08 08:16:17
Instrument Type: ASSIGNMENT OF LEASES AND/OR RENTS
Expiry Date:
Address of Interest Holder: 7101 PARK AVENUE FLOOR 5TH
MONTREAL QC CA
H3N 1X9

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*Indicates Parcel Register changes in process

Interest Holder Name:	ROYAL BANK OF CANADA	
Qualifier:		
Interest Type:	MORTGAGEE	
Document Reference:	112713665	2018-06-07 10:22:58
Instrument Type:	MORTGAGE	
Expiry Date:		
Address of Interest Holder:	7101 PARK AVENUE FLOOR 5TH MONTREAL QC CA H3N 1X9	

Interest Holder Name:	ROYAL BANK OF CANADA	
Qualifier:		
Interest Type:	MORTGAGEE	
Document Reference:	116017162	2020-03-09 12:45:03
Instrument Type:	MORTGAGE	
Expiry Date:		
Address of Interest Holder:	7101 PARK AVENUE FLOOR 5 MONTREAL QC CA H3N 1X9	

Interest Holder Name:	ROYAL BANK OF CANADA	
Qualifier:		
Interest Type:	ASSIGNEE	
Document Reference:	116031346	2020-03-11 14:25:18
Instrument Type:	ASSIGNMENT OF LEASES AND/OR RENTS	
Expiry Date:		
Address of Interest Holder:	7101 PARK AVENUE FLOOR 5 MONTREAL QC CA H3N 1X9	

NON-ENABLING INSTRUMENTS:

QUALIFICATION:

The names lists for Tenant in Common interest holders that are not registered pursuant to the *Land Registration Act* have been obtained from Property Online and have not been searched for completeness or accuracy. No representations or opinions are made with respect to these Tenants in Common. The list of Tenants in Common not registered pursuant to the *Land Registration Act* cannot be relied upon as advice on the current state of title of those interests in the subject parcel. A search of the records at the appropriate Registry of Deeds office is required to determine the current owner(s) of the Tenants in Common not registered pursuant to the *Land Registration Act*.

*Indicates Parcel Register changes in process

RESOLUTION OF THE SOLE DIRECTOR
OF
3317427 NOVA SCOTIA LIMITED
(the "Company")

WHEREAS the sole Director of the Company are authorized from time to time to borrow money upon the credit of the Company, to issue, re-issue, sell or pledge securities of the Company, including bonds, debentures, notes or other evidences of indebtedness and to mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the assets of the Company to secure such monies for such sums, on such terms and at such prices as they may deem expedient and as the Directors may determine.

AND WHEREAS it is expedient and in the interest of the Company that the Director should exercise such authority;

NOW THEREFORE BE IT RESOLVED THAT:

1. The Company is hereby authorized to borrow up to One Hundred Thirty Three Thousand Dollars ($133,000.00(Cdn.)) from Royal Bank of Canada (the "Lender").

2. The Company is hereby authorized to secure the aforesaid loan by granting:

   (a) a first mortgage/charge to and in favour of the Lender or as the Lender may direct as and by way of a fixed and specific charge on 18 Claremont Avenue, Stellarton, Nova Scotia;

   (b) any other security as required by the Lender.

(the items in (a) through (b) above being hereinafter collectively referred to as the "Security").

3. The Security shall be in such form and shall contain such terms and provisions as may be required by the Lender and approved by the Authorized Signing Officer (as defined below) executing such Security. Execution and delivery of the Security by an Authorized Signing Officer shall be conclusive evidence of such approval and the Security so executed and delivered shall be a valid and binding obligation of, and shall be enforceable against, the Company.

4. The Security may be executed on behalf of the Company, under the corporate seal of the Company or otherwise, by any of the persons named below (each an "Authorized Signing Officer"), each of whom is a duly elected or appointed director and/or officer of the Company:

   Alex K. Rice – President, Secretary and Director

   Notwithstanding any change in any of the persons holding such offices between the time of the actual signing and the delivery of the Security, and notwithstanding that the director or officer signing may not have held office at the date of the Security or at the date of execution or delivery thereof, the Security so signed shall be a valid and binding obligation of, and shall be enforceable against, the Company.

5. Any such Authorized Signing Officer is hereby authorized and directed for and on behalf of and in the name of the Company to do, sign and execute, under the corporate seal of the Company or otherwise, all such other agreements, documents, securities, notes, instruments, certificates, directions, powers of attorney (the "**Additional Documents**") and things as in his opinion may be provided for under the Security, or which may be advisable, necessary, or useful, or which may be requested by the Lender, in connection with the foregoing resolutions or in connection with the execution, delivery or registration of, or the performance of any of the Company's obligations under, any of the Security.

SIGNED this 4th day of February, 2020.

Alex K. Rice

Being the sole Director of the Company

TAB N

[Collateral Mortgage - Newfoundland, Nova Scotia, and Prince Edward Island]

This Collateral Mortgage made this 4th day of June, 2019.

BETWEEN:
3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

(a) "Condominium Corporation" means the condominium corporation of which the Mortgagor is a member by virtue of ownership of the Mortgaged Premises;

(b) "Condominium Unit(s)" means the condominium unit(s) and common interests appurtenant thereto described in Schedule "A" annexed hereto;

(c) "Customer" means 3317427 NOVA SCOTIA LIMITED, who is a customer of the Mortgagee. If more than one person is named as a Customer, the term "Customer" means all and any one or more of them and the liabilities of the Customer (as hereinafter defined) means the liabilities of all or any one or more of them to the Mortgagee;

(d) "Guarantor" means the party or parties of the third part who has executed this Mortgage to guarantee the obligations of the Mortgagor pursuant to the provisions of Section 16 of this Mortgage;

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by the Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreement or dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of Two Hundred Thousand Dollars ($ 200,000.00 ") (the "Principal Sum"), together with interest from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

(Use one of the two below and delete the other)

(a) Fixed Interest Rate

Interest at the rate of _____ per centum (_____%) per annum, calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum;

(b) Prime Rate

Interest at a rate equal to the Mortgagee's Prime Interest Rate per annum in effect from time to time plus five percent per centum (P+5.00 %) per annum calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum. For the purpose hereof, the Prime Interest Rate is the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect

for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Mortgagee's Prime Interest Rate applicable at any time, or times, it is agreed that the certificate in writing of the Mortgagee setting forth the Mortgagee's Prime Interest Rate as at any time, or times, shall be conclusive evidence as to the Mortgagee's Prime Interest Rate as in the certificate set forth;

(g) "Loan" means any loan, facility or arrangement creating the Indebtedness;

(h) "Loan Document" means any agreement or instrument evidencing the Indebtedness;

(i) "Mortgagee" means Royal bank of Canada;

(j) "Mortgaged Premises" means the lands described in Schedule "A" annexed hereto, together with all easements, rights of way, tenements, hereditaments, rights, privileges and appurtenances now or hereafter belonging or appertaining to these lands, and together with, if applicable, all buildings, erections, structures and appurtenances, fixed or otherwise, now or hereafter put on these lands and includes a Condominium Unit(s), if applicable;

(k) "Mortgagor" means the party or parties of the first part.

2.0 RECITALS

2.1 The Mortgagee has requested from the Mortgagor security for the due payment of the Indebtedness.

2.2 The Mortgagor has agreed to execute this Mortgage for the purpose of securing to the Mortgagee payment of the Indebtedness.

3.0 CHARGE

3.1 In consideration of the sum of $1.00, the Mortgagor assigns, conveys and mortgages, as beneficial owner by way of a first fixed and specific charge to the Mortgagee the Mortgaged Premises TO HOLD the Mortgaged Premises unto the Mortgagee:

(a) as to leasehold lands, for all the residue yet to come and unexpired of the term granted by the lease of the same except the last day thereof which is excepted out of the Mortgaged Premises but in respect of which the Mortgagor shall stand possessed in trust for the Mortgagee for the purpose of this Mortgage; and

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

3.2 Provided that this Mortgage shall be void upon the Mortgagor paying upon demand to the Mortgagee the Principal Sum and all other amounts payable by the Mortgagor hereunder and upon the due performance of all covenants and conditions herein contained and on the part of the Mortgagor to be observed and performed, but shall otherwise remain in full force and effect.

4.0 COVENANTS

4.1 The Mortgagor covenants with the Mortgagee that:

(a) The Mortgagor will pay upon demand that portion of the Principal Sum then outstanding, together with interest thereon from the date of demand at the Interest Rate, and on default the Mortgagee may enter and have quiet enjoyment of the Mortgaged Premises.

(b) (i) The Mortgagor will pay all taxes, rates and assessments and show receipts on demand, or at the option of the Mortgagee, pay to the Mortgagee one-twelfth of the yearly taxes as estimated by the Mortgagee on the first day of each and every month during the term or continuance of this Mortgage and the Mortgagee shall apply such payments on account of the taxes so long as the Mortgagor shall not default under any covenant or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of the taxes more often than yearly; or prior to discount or interest dates; provided however that if the Mortgagor shall pay any sum or sums to the Mortgagee to apply on account of the taxes and if before the same shall have been so applied there shall be default by the Mortgagor in respect of any payment of the Indebtedness, the Mortgagee may at its option apply such sum or sums in or towards payment of the principal and/or interest in default; and in the event that the taxes actually levied for any one year together with any interest and penalties

thereon exceed the estimated amount, the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency; and if the Mortgagor desires to take advantage of any discounts or avoid any penalty in connection with the payment of the taxes, the Mortgagor shall pay to the Mortgagee such additional amounts as are required and shall direct the Mortgagee to make such payments for that purpose; and the Mortgagor shall transmit to the Mortgagee forthwith after receiving them, tax bills and other notices affecting the imposition of taxes upon the Mortgaged Premises.

(ii) The Mortgagee shall allow the Mortgagor interest, at the rate prescribed by the Mortgagee on the minimum monthly balance outstanding in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less than once each year; and the Mortgagor shall be charged interest at the Interest Rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee until such debit balance is fully repaid.

(c) The Mortgagor has a good freehold/leasehold title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed, that the Mortgaged Premises are free from encumbrances, and that the Mortgagor will procure such further assurances as may reasonably be required.

(d) (i) The Mortgagor will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Mortgaged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Mortgaged Premises or the use thereof, in a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Mortgagee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee, and the Mortgagor will forthwith assign, transfer and deliver over unto the Mortgagee the policy or policies of insurance and receipts thereto appertaining; and if the Mortgagor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Mortgagee shall pay any premiums or sums of money for insurance for the buildings on the Mortgaged Premises or any part thereof the amount of such payment shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Mortgagor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this Mortgage shall be sufficient authority for the said insurance company to pay any such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Mortgaged Premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part, in payment of this Mortgage debt or any part thereof whether due or not then due.

(ii) If the Mortgaged Premises are comprised of one or more Condominium Units, the insurance provisions set out in subparagraph (i) above will not apply and the following will apply to this Mortgage:

The Mortgagor or the Condominium Corporation or both of them will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, the Condominium Unit(s), both during erection and thereafter and all fixtures as herein defined or referred to and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Condominium Unit(s) or the use thereof, in a company or companies approved by the Mortgagee; and the Mortgagor or the Condominium Corporation, or both of them, will forthwith provide to the Mortgagee certificates of insurance and such other evidence of insurance as the Mortgagee may require, and if the Mortgagor or Condominium Corporation, or both of them, shall

neglect to keep the Condominium Unit(s) insured as aforesaid, or to deliver such certificates or evidence of insurance to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obligated to insure the Condominium Unit(s); and the Mortgagor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies of insurance and, without limiting the generality of the obligation of the Mortgagor to observe and perform all the duties and obligations imposed on the Mortgagor by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, shall comply with the insurance provisions of the Declaration; and the Mortgagor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(e) The Mortgagor will keep the Mortgaged Premises in good condition and repair according to the nature and description thereof and if the Mortgaged Premises are not kept in good condition and repair or any act of waste is committed thereon by the Mortgagor or any person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor defaults the Mortgagee may enter and complete, repair or manage the Mortgaged Premises and recover all reasonable costs with interest at the Interest Rate as part of this Mortgage.

(f) The Mortgagor will not make or permit to be made any demolition, alterations or additions to the Mortgaged Premises without the consent of the Mortgagee, and will not use the Mortgaged Premises or permit them to be used without the consent of the Mortgagee for a purpose other than disclosed to the Mortgagee in the application for this Mortgage.

(g) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Mortgaged Premises to inspect the Mortgaged Premises, and the reasonable costs of such inspection shall be added to the indebtedness secured by this Mortgage.

(h) The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Mortgaged Premises or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at the Mortgagor's own expense make any and all improvements thereon or alterations to the Mortgaged Premises, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

(i) In the event of default being made under any of the terms of this Mortgage, the Mortgagee shall be entitled to send an inspector or agent to inspect and report upon the value, state, and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the Mortgaged Premises at the Mortgagor's expense, and all expenses incurred in so doing, together with all costs and charges (including solicitor and client costs) which the Mortgagee may incur or pay in collecting or attempting to collect the Principal Sum and any other monies secured hereunder, or in enforcing or attempting to enforce any of the remedies and powers herein contained for the recovery of the Principal Sum and any other monies secured hereunder, whether the proceedings taken prove abortive or not, and in recovering or attempting to procure possession of and keeping possession of the Mortgaged Premises or any part thereof, shall form and be a charge upon the Mortgaged Premises, and shall be payable forthwith to the Mortgagee by the Mortgagor, and shall bear interest at the Interest Rate computed from the time of payment.

(j) In the event of the Mortgagor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Mortgaged Premises to a purchaser, grantee or transferee not approved by the Mortgagee, then at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(k) The Mortgagor will not, without the prior written consent of the Mortgagee, give any further mortgage or charge of the Mortgaged Premises while this Mortgage is still outstanding and undischarged and if the Mortgagor should mortgage or charge the Mortgaged Premises in contravention of this paragraph then, at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(l) Any sum owing or required by this Mortgage to be paid by the Mortgagor to the Mortgagee shall be added to the Principal Sum and shall form a charge on the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

5.0 APPLICATION OF PAYMENTS

5.1 **PROVIDED** that, in the case of any default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.

6.0 ACTS OF DEFAULT

6.1 **PROVIDED** that in default of the payment of the Principal Sum and any other monies secured hereunder, or on breach of any covenant or proviso herein contained, or if waste be committed by the Mortgagor or any other person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor should make an assignment for the benefit of creditors, or a proposal under the *Bankruptcy and Insolvency Act*, or *Companies' Creditors Arrangement Act* or have a bankruptcy petition presented against the Mortgagor, or if the Mortgagor should allow a creditor to enter judgment against the Mortgagor by reason of its financial inability to pay a debt or debts, the whole of the Principal Sum and any other monies secured hereunder remaining unpaid shall become payable, but the Mortgagee may waive its right to demand payment of the Principal Sum and any other monies secured hereunder and shall not be therefor debarred from subsequently asserting and exercising its right to call in the Principal Sum and any other monies secured hereunder by reason of such waiver or by reason of any future default, and the Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advancing of any part of the Loan, shall bind the Mortgagee to advance any further part of the Loan, but the advance of the Loan or any part thereof shall be in the sole discretion of the Mortgagee.

7.0 PRIOR ENCUMBRANCES

7.1 **PROVIDED** that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the Mortgaged Premises, having priority over this Mortgage, including any arrears of taxes or other rates on the Mortgaged Premises or any of them, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Mortgaged Premises and all solicitors' charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Mortgagor thereunder, as between solicitor and client, whether any action or other judicial proceeding to enforce such payment has been taken or not and the amounts so paid shall be added to the Indebtedness hereby secured and be a charge on the Mortgaged Premises and shall bear interest at the Interest Rate, and shall be forthwith payable by the Mortgagor to the Mortgagee and the non-payment of such amount shall entitle the Mortgagee to exercise the powers exercisable for breach of covenant hereinbefore contained. In the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

8.0 JUDGMENT

8.1 The taking of a judgment in respect of the Indebtedness or any instrument or instruments now or hereafter representing or evidencing the Indebtedness, or under any of the covenants herein, or in any such instrument contained or implied, shall not operate as a merger of the Indebtedness or such instrument, instruments or covenants, nor affect the Mortgagee's right to interest at the Interest Rate, nor affect nor prejudice any rights or remedies given to the Mortgagee by the terms hereof.

9.0 FIXTURES

9.1 All machinery and improvements, fixed or otherwise, and even though not attached to the Mortgaged Premises otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Mortgaged Premises as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns and all persons claiming by, through or under them and shall be security for the Indebtedness.

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

10.1 **IT IS AGREED BY AND BETWEEN THE MORTGAGOR AND MORTGAGEE as follows:**

(a) That no part of the Indebtedness existing at the date of this Mortgage, or incurred or arising thereafter, shall be deemed to be unsecured by this Mortgage.

(b) That this Mortgage is and shall be a continuing collateral security to the Mortgagee for the amount of the Indebtedness as herein provided and shall be deemed to be taken as security for the ultimate balance of the Indebtedness and this Mortgage shall not, nor shall anything herein contained operate so as to create any merger or discharge of any debt

owing to the Mortgagee or any lien, bond, promissory note or bill of exchange or other security held by or which may hereinafter be held by the Mortgagee from the Mortgagor or from the Customer or from any other person or persons and this Mortgage shall not in any way prejudicially affect such security held or which may hereafter be held by the Mortgagee for the liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Mortgagee for or on account of the said liabilities or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Mortgage.

(c) That any and all payments made in respect of the indebtedness and interest and the monies or other proceeds received from the sale of any securities held therefor, including this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the indebtedness as the Mortgagee may see fit or may be held unappropriated in a separate collateral account for such time as the Mortgagee may see fit.

(d) That the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Mortgagor, the Customer, the Guarantor and all other persons, securities and guarantees as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage.

11.0 CHANGE OF CORPORATE CONTROL

11.1 Where the Mortgagor is a corporation, the Mortgagor covenants and agrees in the event that:

(a) the Mortgagor fails to supply to the Mortgagee, in a form satisfactory to the Mortgagee, such information relating to the ownership of its shares as the Mortgagee may from time to time require, or

(b) without the written consent of the Mortgagee first had and obtained,

(i) the Mortgagor issues or redeems any of its shares or transfers any of its shares;

(ii) there is a sale or sales of shares of the Mortgagor which results in the transfer of the legal or beneficial interest of a majority of the shares of the Mortgagor; or

(iii) there is a change in the effective control of the majority of the voting shares of the Mortgagor.

The Principal Sum secured by this Mortgage together with all interest and other monies owing hereunder shall forthwith become due and payable at the option of the Mortgagee and the Mortgagee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

12.0 RECEIVERSHIP

12.1 Notwithstanding anything herein contained, it is declared and agreed that if at any time when there shall be default under the provisions of this Mortgage, the Mortgagee may, at such time and from time to time, and with or without entry into possession of the Mortgaged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Mortgagee or not, to be a receiver (which term, as used herein, includes a receiver manager) of the Mortgaged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another receiver, and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any such receiver from time to time, the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Mortgaged Premises as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies, whether created before or after this Mortgage;

(ii) rent any portion of the Mortgaged Premises which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Premises left by the Mortgagor in an unfinished state

or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(v) manage, operate, repair, alter or extend the Mortgaged Premises or any part thereof.

The Mortgagor undertakes to ratify and confirm whatever any such receiver may do in the Mortgaged Premises.

(b) The Mortgagee may, at its discretion, vest the receiver with all or any of the rights and powers of the Mortgagee.

(c) The Mortgagee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Mortgaged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Mortgagor and, in no event, the agent of the Mortgagee and the Mortgagee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Premises.

(f) No such receiver shall be liable to the Mortgagor to account for monies other than monies actually received by the receiver in respect of the Mortgaged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's power and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Mortgaged Premises in priority to this Mortgage, including taxes;

(iv) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee, in its discretion, shall determine, and

thereafter, every such receiver shall be accountable to the Mortgagor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Mortgagor on demand and shall be a charge on the Mortgaged Premises and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Mortgagor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Mortgagee may, at any time and from time to time, terminate any such receivership by notice in writing to the Mortgagor and to any such receiver.

(i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have.

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

13.1 In the event that any one or more of the Mortgagor is not also the Customer, each such Mortgagor which is not also the Customer (hereinafter in this section 13.1 called "such Mortgagor") jointly and severally covenants with the Mortgagee as follows:

(a) this Mortgage and the covenants, provisos, obligations and agreements on the part of the Mortgagor herein contained shall be the continuing obligations and liability of each such Mortgagor and shall cover all of the liabilities and obligations of the Mortgagor hereunder and shall apply to and shall secure the ultimate balance of the Principal Sum, together with

all interest thereon, and any other monies secured hereunder;

(b) the Mortgagee shall not be bound to exhaust its recourse against the Customer or others or any securities (which term when used in this section 13.1 includes guarantees) it may at any time hold before being entitled to payment from each such Mortgagor of the Principal Sum, together with all interest thereon, and any other monies secured hereunder and each such Mortgagor renounces to all benefits of discussion and division;

(c) this Mortgage and the liabilities and obligations of each such Mortgagor hereunder shall not be affected by the death or loss or diminution of capacity of the Customer or of any such Mortgagor or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Customer, or by the Customer or the Customer's business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;

(d) this Mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Mortgagee and all dividends, compositions, proceeds of security valued and payments received by the Mortgagee from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of any Mortgagor to claim in reduction of his liability under this Mortgage, the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Mortgagee or proceeds thereof, and none of such Mortgagors shall have the right to be subrogated in any rights of the Mortgagee until the Mortgagee shall have received payment in full of all indebtedness;

(e) all of the Principal Sum and any other monies secured hereunder or intended to be secured hereby shall be deemed to form part of the obligations, debts and liabilities of each such Mortgagor notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or suable entity, and notwithstanding any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or creditors, or in the taking or registering of this Mortgage or any other securities, the whole whether known to the Mortgagee or not; and all the Principal Sum and any other monies secured hereunder shall be recoverable from each such Mortgagor as sole or principal debtor in respect thereof and shall be paid to the Mortgagee on demand with interest and accessories; and

(f) each such Mortgagor shall be bound by any account settled between the Mortgagee and the Customer, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Mortgagee shall be accepted by such Mortgagor and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Mortgagee or remains unpaid by the Customer to the Mortgagee.

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

14.1 It is the intention of the parties hereto that the building or buildings erected or to be erected on the Mortgaged Premises form part of the security for the Principal Sum secured by this Mortgage; and that all advances are to be made in such manner at such times and in such amounts up to the full amount of the Principal Sum as the Mortgagee in its sole discretion may determine, and subject always to the provision to which the Mortgagor hereby agrees that notwithstanding the execution or registration of this Mortgage or the advancement of any part of the Loan, the Mortgagee is not bound to advance the Loan or any unadvanced portion thereof and the advance of the Loan and any part thereof from time to time shall be in the sole discretion of the Mortgagee, but nevertheless, this Mortgage hereby made shall take effect forthwith upon execution by the Mortgagor and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the Loan not being advanced, the same to be charged hereby upon the Mortgaged Premises and shall be without demand thereof, payable forthwith with interest at the Interest Rate and in default, the Mortgagee's power of sale hereby given and all other remedies hereunder shall be exercisable.

15.0 EXTENSIONS

15.1 PROVIDED that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor or any other dealing with the owner of the Mortgaged Premises, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the monies hereby secured.

16.0 GUARANTEE OF MORTGAGE

16.1 **IN CONSIDERATION** of the Mortgagee making loans, accommodations, advances or other extensions of credit to the Customer which are the basis for the Indebtedness, each Guarantor hereby agrees with the Mortgagee as follows:

(a) Each Guarantor hereby:

(i) guarantees the payment by the Mortgagor to the Mortgagee of all of the Principal Sum and other liabilities of the Mortgagor secured or payable under this Mortgage, present or future covenant, direct or indirect, absolute or contingent, matured or not, including, without limitation, principal, interest, taxes, fees and expenses as and when the same are due and payable under this Mortgage (the "Guaranteed Amounts"); and

(ii) covenants and agrees to perform all other covenants and obligations of the Mortgagor under this Mortgage as and when the same are required to be observed or performed under this Mortgage (the "Guaranteed Covenants");

In each case without any demand required to be made. The obligations of the Mortgagor to pay the Guaranteed Amounts and perform and observe the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations", and this guarantee is hereinafter referred to as the "Guarantee".

(b) If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to "the Guarantor" is to each and every such Guarantor.

(c) If any monies or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor, or any of them, on the footing of a guarantee for any reason whatever, such monies or amounts may be recovered from the Guarantor, or any of them, as a primary obligor and principal debtor in respect of such monies or amounts, regardless of whether such monies or amounts are recoverable from the Mortgagor or would be payable by the Mortgagor to the Mortgagee. For greater certainty, but without restricting the generality of the foregoing, if the Mortgagee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations, including, without limitation, the right of acceleration, the right to be paid interest at the Interest Rate in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Mortgagee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Mortgagor and the Mortgagee; provided, however, that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended and shall not be interpreted to confer on the Guarantor, or any of them, any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

(d) Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Mortgagee may:

(i) grant any time, indulgences, waivers or extensions of time for payment of any of the Guaranteed Obligations;

(ii) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage, and whether by express agreement signed by the Mortgagor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(iii) change the interest rate provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such interest rate is calculated or determined; change from a fixed rate to a variable or floating rate, or from a variable or floating rate to a fixed rate, or otherwise;

(iv) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of this Mortgage in any manner whatever;

(v) release or discharge from this Mortgage the whole or any part of the Mortgaged Premises or any other security for the Indebtedness;

(vi) advance additional principal amounts to the Customer pursuant to any provision of this Mortgage and/or a Loan Document that permits the Customer to borrow such additional principal amounts from the Mortgagee;

(vii) permit the Customer to prepay the Indebtedness, in whole or in part, or to skip any one or more scheduled instalments of payments of principal and interest, or to pay one or more such scheduled instalment on a scheduled payment date under a Loan Document that permits such prepayment, skipping or multiple payments or otherwise;

(viii) accept compositions, compromises or proposals from the Customer or otherwise deal with the Customer or any other person (including, without limitation, the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including, without limitation, this Mortgage) or the Mortgaged Premises or any security as the Mortgagee sees fit, including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the indebtedness;

(ix) release or discharge any Guarantor, or one or more other co-covenantors or guarantors or Mortgagors in respect of this Mortgage, whether under this Guarantee or otherwise; or

(x) release any subsequent legal or beneficial owner of the Mortgaged Premises from any liability to the Guaranteed Obligations, or any of them, or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under the Guarantee, regardless of whether any such action has the effect of amending or varying this Mortgage or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Mortgagor under this Mortgage as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if the interest rate provided in this Mortgage is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

(e) The obligations of the Guarantor hereunder shall be unaffected by:

(i) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Mortgagor, the Customer or any Guarantor or any other party;

(ii) any irregularity, defect, unenforceability or invalidity in respect of the indebtedness or this Mortgage or any indebtedness, liability or other obligation of the Mortgagor or any other party;

(iii) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

(iv) any judgment obtained against the Mortgagor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation any money on deposit and any guarantee) or any right or remedy, from or against the Mortgagor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect, any security (including without limitation any money on deposit or any guarantee) or any right or remedy;

(v) any change in the name, control, objects, business, assets, capital structure or constitution of the Mortgagor, the Customer or any Guarantor, or any merger or amalgamation of the Mortgagor, the Customer or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Mortgagor, the Customer or Guarantor was originally formed, or any change in the membership of the Mortgagor, the Customer or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Mortgagor", the "Customer", or the "Guarantor" in this Mortgage will be deemed to include each corporation and each partnership resulting from any of the foregoing;

(vi) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of this Mortgage or the Guarantee, or the Mortgagor, the Customer or any Guarantor;

(vii) any failure on the part of the Mortgagee to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Mortgagee with respect to this Mortgage, or any other security granted to the Mortgagee relating to this Mortgage or the indebtedness; and

(viii) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;

it being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Mortgage shall be absolute and unconditional under any and all circumstances.

(f) Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Mortgagee in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Mortgagee, and the Guarantor shall not seek any reimbursement from the Mortgagor.

(g) The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Mortgage (whether such payment shall have been made by or on behalf of the Mortgagor or the Guarantor or any of them) is rescinded, or is reclaimed from the Mortgagee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Mortgagor, the Customer or the Guarantor or any of them, or for any other reason.

(h) The Mortgagee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Mortgagor, the Customer or any other party or any assets of the Mortgagor, the Customer or of any other party before being entitled to demand payment or performance by any Guarantor of its obligations under this Mortgage. Each Guarantor hereby waives all benefit of discussion and division.

(i) Any Guarantor may, by notice in writing delivered to the manager of the branch or agency of the Mortgagee receiving this instrument, terminate the Guarantor's liability under this Mortgage with effect from and after the date (the "Termination Date") that is 30 days following the date of such notice in respect of Guaranteed Obligations incurred or arising at any time on or after the Termination Date but not in respect of any Guaranteed Obligations incurred, arising or existing before the Termination Date, even though not then matured. Notwithstanding the foregoing, the Mortgagee may fulfil any requirements of the Mortgagor under this Mortgage or any indebtedness requested by the Mortgagor prior to the receipt of such notice, and any liabilities of the Mortgagor resulting from such fulfilment shall be added to the Guaranteed Obligations and shall be secured by this Mortgage. Termination of the liability of one or more of the Guarantors shall not affect the liability of any other Guarantor.

(j) Each Guarantor shall indemnify and save harmless the Mortgagee from and against all losses, damages, costs and expenses which the Mortgagee may sustain, incur or become liable for by reason of:

(i) the failure, for any reason whatever, of the Mortgagor to pay any amounts expressed to be payable pursuant to the provisions of this Mortgage, regardless of whether the Mortgagor's obligation to pay such amounts is valid or enforceable against the Mortgagor;

(ii) the failure, for any reason whatever, of the Mortgagor to perform any other obligation under this Mortgage; or

(iii) any act, action or proceeding of or by the Mortgagee for or in connection with the recovery of such amounts or the performance of such obligations.

(k) The Guarantee shall be operative and binding upon every Guarantor upon execution and delivery of this Mortgage by such Guarantor, regardless of whether it has been executed by any other proposed guarantor or guarantors.

17.0 CONDOMINIUMS

17.1 If this Mortgage charges one or more Condominium Units, the following provisions shall apply:

(a) The Mortgagor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Mortgagor by the Condominium Act, the declaration, the by-laws, and the rules, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the Condominium Unit(s). Any breach of the said duties and obligations shall constitute a breach of covenant under this Mortgage.

(b) Without limiting the generality of the foregoing, the Mortgagor covenants and agrees that he will pay promptly when due any contributions to common expenses required of him as an owner of the Condominium Unit(s) and in the event of his default in doing so the Mortgagee, at its option, may pay the same and the amount so paid shall be added to the debt secured by this Mortgage and shall be a charge on the Condominium Unit(s) and shall bear interest at the Interest Rate from the time of such payments and shall be payable forthwith by the Mortgagor to the Mortgagee whether or not any payment in default has priority to this Mortgage or any part of the monies secured thereby.

(c) The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee to exercise the right of the Mortgagor as an owner of the Condominium Unit(s) to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the said Condominium Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgagee

revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Mortgagee shall not by virtue of the assignment to the Mortgagee of the right to vote or consent be under any obligation to vote or consent to protect the interests of the Mortgagor.

(iii) The exercise of the right to vote or consent shall not constitute the Mortgagee a mortgagee in possession.

~~18.0 DISTRESS~~

18.1 **PROVIDED** that and it is further stipulated and agreed by and between the parties to this Mortgage that the Mortgagee, its successors or assigns, may distrain for arrears of interest against the Mortgaged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payment of taxes, if required, in the same manner as if the same were arrears of interest.

19.0 RIGHTS ON DEFAULT

19.1 The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Mortgagor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Mortgagee may, at such time or times as it may deem necessary and without the concurrence of any other person, enter upon the Mortgaged Premises and make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Mortgaged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee, and shall be a charge upon the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

19.2 **PROVIDED** also that in the event of default of payment of the Principal Sum with interest thereon and any other monies secured hereunder, or in the due performance of any provision in this Mortgage, the Mortgagee may, where legally permitted or required, enter on or lease or sell the Mortgaged Premises, but no power of sale shall be exercised until after four weeks' notice has been given. Any such sale may be a sale of the Mortgaged Premises as a whole or in separate parcels at public auction, by public tender or by private sale or partly in one manner and partly in another manner or manners, at such time and on such terms and conditions as the Mortgagee shall appoint, having first given such notice as it may think proper or as may be required by law, and upon such reasonable conditions as to upset or reserve, bid or price and as to terms of payment as it may deem proper. The Mortgagee may adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Mortgaged Premises good and sufficient deed or deeds for the same, the Mortgagee being hereby constituted the irrevocable attorney of the Mortgagor for the purpose of making such sale and executing such deeds and any such sale as aforesaid shall be a perpetual bar both at law and at equity against the Mortgagor and all persons claiming the Mortgaged Premises, by, from, through or under the Mortgagor; provided that the Mortgagee shall have the right exercisable and any time and from time to time to purchase all or any part of the Mortgaged Premises if the same are sold by public auction or by public tender.

20.0 OBLIGATIONS SURVIVE SALE

20.1 **PROVIDED** further that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the monies hereby secured.

21.0 NEW HOME WARRANTY PLAN ACT

21.1 If the Mortgagee incurs any cost or expense of any nature or kind, in any way arising from or relating to a new home warranty act or similar legislation and the regulations thereunder, including any amendments or replacements, or either of them (the "Act"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the Act or enrolling the Mortgaged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a mortgage on the Mortgaged Premises in priority to all other encumbrances registered or arising subsequent to this Mortgage and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee.

22.0 PARTIAL RELEASE

22.1 **PROVIDED** that the Mortgagee may at all times release any part or parts of the Mortgaged Premises or other security or any surety or guarantor for payment of all or any part of the indebtedness hereby secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the indebtedness, either with or without consideration therefore, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other party to this Mortgage, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release, the Mortgaged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the Principal Sum secured by this Mortgage.

23.0 RELEASE

23.1 The Mortgagee shall have a reasonable time after payment in full of the amounts secured by this Mortgage within which to prepare, execute and register, if required, a discharge or assignment of this Mortgage; provided that interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Mortgagee. All legal and other expenses for the preparation, execution and registration, as applicable, of such discharge or assignment and any other administrative fee of the Mortgagee in connection therewith shall be borne by the Mortgagor.

24.0 LIENS AND CONSTRUCTION

24.1 **PROVIDED** also that upon the registration of any lien against the Mortgaged Premises, or in the event of any buildings being erected thereon or allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the Principal Sum, together with interest at the Interest Rate, and all other amounts secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable. In the event any lien is registered against the Mortgaged Premises, the Mortgagee shall have the right, but not the obligation, to pay such amounts as may be required to vacate the lien. Any amount so paid by the Mortgagee, together with all costs, charges and expenses incurred by the Mortgagee in connection therewith, including all solicitors' charges or commissions, on a solicitor and its own client basis, shall be added to the Principal Sum secured by this Mortgage and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Mortgaged Premises prior to all claims thereon subsequent to this Mortgage, and shall be forthwith payable on demand.

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

25.1 It is agreed that in the event that at any time any provision of this Mortgage is illegal or invalid under, or inconsistent with, the provisions of any applicable statute or regulation thereunder or would, by reason of the provisions of any such statute or regulation, render the Mortgagee unable to collect the amount of any loss sustained by it as a result of providing the indebtedness which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would render the Mortgagee unable to collect the amount of any such loss.

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

26.1 **PROVIDED** that no failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall prejudice such rights or any other rights of the Mortgagee; no performance or payment by the Mortgagee in respect of any breach or default hereunder of the Mortgagor shall relieve the Mortgagor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

27.0 MORTGAGEE'S EXPENSES

27.1 The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to this Mortgage, and to any and all documents required in connection therewith, and of any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable hereunder including, without limiting the generality of the foregoing, all solicitors' fees, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Mortgagee thereon and all costs and expenses valuing the Mortgaged Premises in connection with the foregoing. The Mortgagor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Interest Rate and shall be a charge on the Mortgaged Premises.

28.0 OTHER SECURITY

28.1 This Mortgage is in addition to, and not in substitution for, any other security held by the Mortgagee, including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Mortgagee for the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. Without limiting the generality of the foregoing, this Mortgage is in addition to, and not in substitution for, any other charges now or hereafter held by the Mortgagee over the Mortgaged Premises as security for monies advanced hereunder or any other monies due to the Mortgagee, and it is understood and agreed that the aggregate principal amount secured by this Mortgage and such other charges shall be the sum of the Principal Sum and all other monies secured hereunder and the respective principal amounts of such other charges.

29.0 HEADINGS

29.1 The headings of sections herein are inserted for convenience or reference only and shall not affect the construction or interpretation of this Mortgage.

30.0 INTERPRETATION

30.1 AND it is hereby agreed that where the context requires, words in the singular include the plural, and words importing the masculine gender include the feminine and neuter genders. All covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor shall be joint and several, and shall be binding upon the heirs, executors, administrators, successors and assigns of the Mortgagor, as the case may be.

30.2 This Mortgage is made in pursuance of any applicable enactments respecting short forms of indentures.

31.0 RECEIPT OF TRUE COPY

31.1 The Mortgagor (and the Guarantor, if applicable) acknowledges receipt of a copy of this Mortgage.

IN WITNESS WHEREOF the Mortgagor (and the Guarantor, if applicable) has properly executed this Mortgage the day and year first above written.

SIGNED, SEALED AND DELIVERED
In the presence of

3317427 NOVA SCOTIA LIMITED

Per: Alex Rice, President

PETER D. STANHOPE
A Barrister of the Supreme
Court of Nova Scotia

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3317427 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 23 day of May, 2019, before me:

A Barrister of the Supreme Court of Nova Scotia
PETER D. STANHOPE

K Alex R

Alex K. Rice

PL# 146238.010/8681717

PARCEL DESCRIPTION REPORT

Schedule "A"

2019-06-13 17:17:58

PID:	951459
CURRENT STATUS:	ACTIVE
EFFECTIVE DATE/TIME:	2004-12-31 15:17:30

Consolidated description of lands owned by Niki Management Services Limited, George and Provost Streets, New Glasgow, Nova Scotia. (PIDs 951442 & 951459)

ALL THAT PARCEL of land, situate at George and Provost Streets, New Glasgow, in the County of Pictou, Province of Nova Scotia, more fully described as follows;

BEGINNING at the point of intersection of the southern boundary of George Street and the western boundary of Provost Street;

THENCE South fourteen (14) degrees, thirty-three (33) minutes, zero two (02) seconds West, along the said western boundary of Provost Street, sixty-nine decimal three (69.3) feet to the point of intersection with the northern boundary of lands owned by Marshalls Hair Care Ltd. (Bk. 1346, Pg. 336);

THENCE North seventy-six (76) degrees, seventeen (17) minutes, fifty-eight (58) seconds West, along the said northern boundary of Marshalls Hair Care Ltd., fifty-six (56) feet to the point of intersection with an eastern boundary of lands owned by Cape Breton & Central Nova Scotia Railway Limited;

THENCE North fourteen (14) degrees, thirty-three (33) minutes, zero two (02) seconds East, along the said eastern boundary of Cape Breton and Central Nova Scotia Railway Limited, sixty-eight decimal eight five (68.85) feet to the point of intersection with the aforesaid southern boundary of George Street;

THENCE South seventy-six (76) degrees, forty-five (45) minutes, thirty-five (35) seconds East, along the said southern boundary of George Street, fifty-six decimal zero one (56.01) feet to the place of Beginning.

Containing three thousand eight hundred sixty-eight (3,868) square feet.

All bearings are referenced to (NAD-27) Grid North.

The above described lot intended to be a consolidation of the two (2) lots of land formerly conveyed from The Toronto Dominion Bank to Niki Management Services Limited by deed dated on the 26th day of July, 1994 and registered at the Office of the Registrar of Deeds, Pictou, N.S. on the 3rd day of August, 1994 in Book 1153 at Page 787.

External Comments:

Description Change Details:

Reason:

Author of New or Changed Description:

Name:

Registered Instruments:

TAB O

E-FORM 760
(2000/03)

ASSIGNMENT OF RENTS

THIS INDENTURE made this 4th day of June , 2019

BETWEEN:

3317427 Nova Scotia Limited

hereinafter called the "Assignor"

OF THE FIRST PART,

and

ROYAL BANK OF CANADA

hereinafter called the "Assignee"
OF THE SECOND PART.

WHEREAS, by a Mortgage dated June 4, 2019 and registered in the Land Registry Office for the Land (Registry/Titles) Division of Halifax, as instrument No. 114632O8 the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed which Mortgage secures payment of the sum of Two Hundred Thousand Dollars ($200,000.00) and interest as therein mentioned and which Mortgage is hereinafter referred to as "the Mortgage". Whenever in this indenture reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof and any Mortgage taken in substitution therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee, its successors and assigns, the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from, leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto (the "Leases") now or hereafter entered into by the Assignor as landlord with tenants thereof (Lessees) and including without limitation the specific leases referred to in Schedule "B" hereto annexed, as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this Indenture contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS INDENTURE WITNESSETH that the Assignor in consideration of the premises, the making of the said Mortgage, and the sum of One ($1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases (including without limitation the specific leases referred to in Schedule "B" hereto annexed) and all benefits and advantages to be derived therefrom, to hold and receive the same unto the said Assignee, its successors and assigns.

2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months' of such rents being prepaid under such Leases, or variation, cancellation or surrender of any of the Leases, or of the terms, covenants, provisos or conditions thereof.

3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.

4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this Indenture herein contained in any or all of the following ways:

(a) in its own name;

(b) in the name of the Assignor, and

(c) in the names of both the Assignor and the Assignee jointly.

5. The Assignor agrees to assign any of the said Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of its security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases, (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises on the lands and premises described in Schedule "A" hereto or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the said Lessee to make such payments, and the payments of the said rentals to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an Arbitration Award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this Assignment of Rents upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the
Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this Assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this Indenture contained shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and that the Assignee shall not by virtue of these presents be deemed a mortgagee in possession of the lands and premises described in Schedule "A" hereto and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of these presents.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this Indenture shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

13. IT IS HEREBY DECLARED AND AGREED that these presents and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF the Assignor has hereunto affixed its corporate seal under the hands of its proper signing officers duly authorized in that behalf.

SIGNED, ~~SEALED~~ AND)
)
DELIVERED BY)
)
)
)
)
)
)
)
)
)



Witness

PETER D. STANHOPE

3317427 Nova Scotia Limited

Per: _____

Name: Alex K. Rice
Title: President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3317427 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 23 day of March, 2019, before me:

A Barrister of the Supreme Court of Nova Scotia

PETER D. STANHOPE

K Alex Rice

Alex K. Rice

SCHEDULE "A"

See attached.

PARCEL DESCRIPTION REPORT **Schedule "A"**

2019-06-13 17:17:58

PID: 951459
CURRENT STATUS: ACTIVE
EFFECTIVE DATE/TIME: 2004-12-31 15:17:30

Consolidated description of lands owned by Niki Management Services Limited, George and Provost Streets, New Glasgow, Nova Scotia. (PIDs 951442 & 951459)

ALL THAT PARCEL of land, situate at George and Provost Streets, New Glasgow, in the County of Pictou, Province of Nova Scotia, more fully described as follows;

BEGINNING at the point of intersection of the southern boundary of George Street and the western boundary of Provost Street;

THENCE South fourteen (14) degrees, thirty-three (33) minutes, zero two (02) seconds West, along the said western boundary of Provost Street, sixty-nine decimal three (69.3) feet to the point of intersection with the northern boundary of lands owned by Marshalls Hair Care Ltd. (Bk. 1346, Pg. 336);

THENCE North seventy-six (76) degrees, seventeen (17) minutes, fifty-eight (58) seconds West, along the said northern boundary of Marshalls Hair Care Ltd., fifty-six (56) feet to the point of intersection with an eastern boundary of lands owned by Cape Breton & Central Nova Scotia Railway Limited;

THENCE North fourteen (14) degrees, thirty-three (33) minutes, zero two (02) seconds East, along the said eastern boundary of Cape Breton and Central Nova Scotia Railway Limited, sixty-eight decimal eight five (68.85) feet to the point of intersection with the aforesaid southern boundary of George Street;

THENCE South seventy-six (76) degrees, forty-five (45) minutes, thirty-five (35) seconds East, along the said southern boundary of George Street, fifty-six decimal zero one (56.01) feet to the place of Beginning.

Containing three thousand eight hundred sixty-eight (3,868) square feet.

All bearings are referenced to (NAD-27) Grid North.

The above described lot intended to be a consolidation of the two (2) lots of land formerly conveyed from The Toronto Dominion Bank to Niki Management Services Limited by deed dated on the 26th day of July, 1994 and registered at the Office of the Registrar of Deeds, Pictou, N.S. on the 3rd day of August, 1994 in Book 1153 at Page 787.

External Comments:

Description Change Details:

Reason:
Author of New or Changed Description:

Name:

Registered Instruments:

SCHEDULE "B"

All leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto.

TAB P

[Collateral Mortgage - Newfoundland, Nova Scotia, and Prince Edward Island]

This Collateral Mortgage made this 4 day of Feb, 2010.

BETWEEN:

3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

(a) "Condominium Corporation" means the condominium corporation of which the Mortgagor is a member by virtue of ownership of the Mortgaged Premises;

(b) "Condominium Unit(s)" means the condominium unit(s) and common interests appurtenant thereto described in Schedule "A" annexed hereto;

(c) "Customer" means 3317427 Nova Scotia Limited, who is a customer of the Mortgagee. If more than one person is named as a Customer, the term "Customer" means all and any one or more of them and the liabilities of the Customer (as hereinafter defined) means the liabilities of all or any one or more of them to the Mortgagee;

(d) "Guarantor" means the party or parties of the third part who has executed this Mortgage to guarantee the obligations of the Mortgagor pursuant to the provisions of Section 16 of this Mortgage;

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by the Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreement or dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of One Hundred Forty Thousand ------ Dollars ($ 140,000.00 *) (the "Principal Sum"), together with interest from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

(Use one of the two below and delete the other)

(a) Fixed Interest Rate

Interest at the rate of _____ per centum (_____%) per annum, calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum;

(b) Prime Rate

Interest at a rate equal to the Mortgagee's Prime Interest Rate per annum in effect from time to time plus five per cent per centum (P+5.00 %) per annum calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum. For the purpose hereof, the Prime Interest Rate is the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect

for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Mortgagee's Prime Interest Rate applicable at any time, or times, it is agreed that the certificate in writing of the Mortgagee setting forth the Mortgagee's Prime Interest Rate as at any time, or times, shall be conclusive evidence as to the Mortgagee's Prime Interest Rate as in the certificate set forth;

(g) "Loan" means any loan, facility or arrangement creating the Indebtedness;

(h) "Loan Document" means any agreement or instrument evidencing the Indebtedness;

(i) "Mortgagee" means Royal Bank of Canada;

(j) "Mortgaged Premises" means the lands described in Schedule "A" annexed hereto, together with all easements, rights of way, tenements, hereditaments, rights, privileges and appurtenances now or hereafter belonging or appertaining to these lands, and together with, if applicable, all buildings, erections, structures and appurtenances, fixed or otherwise, now or hereafter put on these lands and includes a Condominium Unit(s), if applicable;

(k) "Mortgagor" means the party or parties of the first part.

2.0 RECITALS

2.1 The Mortgagee has requested from the Mortgagor security for the due payment of the Indebtedness.

2.2 The Mortgagor has agreed to execute this Mortgage for the purpose of securing to the Mortgagee payment of the Indebtedness.

3.0 CHARGE

3.1 In consideration of the sum of $1.00, the Mortgagor assigns, conveys and mortgages, as beneficial owner by way of a first fixed and specific charge to the Mortgagee the Mortgaged Premises TO HOLD the Mortgaged Premises unto the Mortgagee:

(a) as to leasehold lands, for all the residue yet to come and unexpired of the term granted by the lease of the same except the last day thereof which is excepted out of the Mortgaged Premises but in respect of which the Mortgagor shall stand possessed in trust for the Mortgagee for the purpose of this Mortgage; and

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

3.2 Provided that this Mortgage shall be void upon the Mortgagor paying upon demand to the Mortgagee the Principal Sum and all other amounts payable by the Mortgagor hereunder and upon the due performance of all covenants and conditions herein contained and on the part of the Mortgagor to be observed and performed, but shall otherwise remain in full force and effect.

4.0 COVENANTS

4.1 The Mortgagor covenants with the Mortgagee that:

(a) The Mortgagor will pay upon demand that portion of the Principal Sum then outstanding, together with interest thereon from the date of demand at the Interest Rate, and on default the Mortgagee may enter and have quiet enjoyment of the Mortgaged Premises.

(b) (i) The Mortgagor will pay all taxes, rates and assessments and show receipts on demand, or at the option of the Mortgagee, pay to the Mortgagee one-twelfth of the yearly taxes as estimated by the Mortgagee on the first day of each and every month during the term or continuance of this Mortgage and the Mortgagee shall apply such payments on account of the taxes so long as the Mortgagor shall not default under any covenant or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of the taxes more often than yearly; or prior to discount or interest dates; provided however that if the Mortgagor shall pay any sum or sums to the Mortgagee to apply on account of the taxes and if before the same shall have been so applied there shall be default by the Mortgagor in respect of any payment of the Indebtedness, the Mortgagee may at its option apply such sum or sums in or towards payment of the principal and/or interest in default; and in the event that the taxes actually levied for any one year together with any interest and penalties

thereon exceed the estimated amount, the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency; and if the Mortgagor desires to take advantage of any discounts or avoid any penalty in connection with the payment of the taxes, the Mortgagor shall pay to the Mortgagee such additional amounts as are required and shall direct the Mortgagee to make such payments for that purpose; and the Mortgagor shall transmit to the Mortgagee forthwith after receiving them, tax bills and other notices affecting the imposition of taxes upon the Mortgaged Premises.

(ii) The Mortgagee shall allow the Mortgagor interest, at the rate prescribed by the Mortgagee on the minimum monthly balance outstanding in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less than once each year; and the Mortgagor shall be charged interest at the Interest Rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee until such debit balance is fully repaid.

(c) The Mortgagor has a good freehold/leasehold title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed, that the Mortgaged Premises are free from encumbrances, and that the Mortgagor will procure such further assurances as may reasonably be required.

(d) (i) The Mortgagor will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Mortgaged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Mortgaged Premises or the use thereof, in a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Mortgagee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee, and the Mortgagor will forthwith assign, transfer and deliver over unto the Mortgagee the policy or policies of insurance and receipts thereto appertaining; and if the Mortgagor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Mortgagee shall pay any premiums or sums of money for insurance for the buildings on the Mortgaged Premises or any part thereof the amount of such payment shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Mortgagor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this Mortgage shall be sufficient authority for the said insurance company to pay any such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Mortgaged Premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part, in payment of this Mortgage debt or any part thereof whether due or not then due.

(ii) If the Mortgaged Premises are comprised of one or more Condominium Units, the insurance provisions set out in subparagraph (i) above will not apply and the following will apply to this Mortgage:

The Mortgagor or the Condominium Corporation or both of them will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, the Condominium Unit(s), both during erection and thereafter and all fixtures as herein defined or referred to and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Condominium Unit(s) or the use thereof, in a company or companies approved by the Mortgagee; and the Mortgagor or the Condominium Corporation, or both of them, will forthwith provide to the Mortgagee certificates of insurance and such other evidence of insurance as the Mortgagee may require, and if the Mortgagor or Condominium Corporation, or both of them, shall

neglect to keep the Condominium Unit(s) insured as aforesaid, or to deliver such certificates or evidence of insurance to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obligated to insure the Condominium Unit(s); and the Mortgagor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies of insurance and, without limiting the generality of the obligation of the Mortgagor to observe and perform all the duties and obligations imposed on the Mortgagor by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, shall comply with the insurance provisions of the Declaration; and the Mortgagor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(e) The Mortgagor will keep the Mortgaged Premises in good condition and repair according to the nature and description thereof and if the Mortgaged Premises are not kept in good condition and repair or any act of waste is committed thereon by the Mortgagor or any person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor defaults the Mortgagee may enter and complete, repair or manage the Mortgaged Premises and recover all reasonable costs with interest at the Interest Rate as part of this Mortgage.

(f) The Mortgagor will not make or permit to be made any demolition, alterations or additions to the Mortgaged Premises without the consent of the Mortgagee, and will not use the Mortgaged Premises or permit them to be used without the consent of the Mortgagee for a purpose other than disclosed to the Mortgagee in the application for this Mortgage.

(g) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Mortgaged Premises to inspect the Mortgaged Premises, and the reasonable costs of such inspection shall be added to the indebtedness secured by this Mortgage.

(h) The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Mortgaged Premises or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at the Mortgagor's own expense make any and all improvements thereon or alterations to the Mortgaged Premises, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

(i) In the event of default being made under any of the terms of this Mortgage, the Mortgagee shall be entitled to send an inspector or agent to inspect and report upon the value, state, and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the Mortgaged Premises at the Mortgagor's expense, and all expenses incurred in so doing, together with all costs and charges (including solicitor and client costs) which the Mortgagee may incur or pay in collecting or attempting to collect the Principal Sum and any other monies secured hereunder, or in enforcing or attempting to enforce any of the remedies and powers herein contained for the recovery of the Principal Sum and any other monies secured hereunder, whether the proceedings taken prove abortive or not, and in recovering or attempting to procure possession of and keeping possession of the Mortgaged Premises or any part thereof, shall form and be a charge upon the Mortgaged Premises, and shall be payable forthwith to the Mortgagee by the Mortgagor, and shall bear interest at the Interest Rate computed from the time of payment.

(j) In the event of the Mortgagor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Mortgaged Premises to a purchaser, grantee or transferee not approved by the Mortgagee, then at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(k) The Mortgagor will not, without the prior written consent of the Mortgagee, give any further mortgage or charge of the Mortgaged Premises while this Mortgage is still outstanding and undischarged and if the Mortgagor should mortgage or charge the Mortgaged Premises in contravention of this paragraph then, at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(l) Any sum owing or required by this Mortgage to be paid by the Mortgagor to the Mortgagee shall be added to the Principal Sum and shall form a charge on the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

5.0 APPLICATION OF PAYMENTS

5.1 **PROVIDED** that, in the case of any default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.

6.0 ACTS OF DEFAULT

6.1 **PROVIDED** that in default of the payment of the Principal Sum and any other monies secured hereunder, or on breach of any covenant or proviso herein contained, or if waste be committed by the Mortgagor or any other person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor should make an assignment for the benefit of creditors, or a proposal under the *Bankruptcy and Insolvency Act*, or *Companies' Creditors Arrangement Act* or have a bankruptcy petition presented against the Mortgagor, or if the Mortgagor should allow a creditor to enter judgment against the Mortgagor by reason of its financial inability to pay a debt or debts, the whole of the Principal Sum and any other monies secured hereunder remaining unpaid shall become payable, but the Mortgagee may waive its right to demand payment of the Principal Sum and any other monies secured hereunder and shall not be therefor debarred from subsequently asserting and exercising its right to call in the Principal Sum and any other monies secured hereunder by reason of such waiver or by reason of any future default, and the Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advancing of any part of the Loan, shall bind the Mortgagee to advance any further part of the Loan, but the advance of the Loan or any part thereof shall be in the sole discretion of the Mortgagee.

7.0 PRIOR ENCUMBRANCES

7.1 **PROVIDED** that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the Mortgaged Premises, having priority over this Mortgage, including any arrears of taxes or other rates on the Mortgaged Premises or any of them, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Mortgaged Premises and all solicitors' charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Mortgagor thereunder, as between solicitor and client, whether any action or other judicial proceeding to enforce such payment has been taken or not and the amounts so paid shall be added to the Indebtedness hereby secured and be a charge on the Mortgaged Premises and shall bear interest at the Interest Rate, and shall be forthwith payable by the Mortgagor to the Mortgagee and the non-payment of such amount shall entitle the Mortgagee to exercise the powers exercisable for breach of covenant hereinbefore contained. In the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

8.0 JUDGMENT

8.1 The taking of a judgment in respect of the Indebtedness or any instrument or instruments now or hereafter representing or evidencing the Indebtedness, or under any of the covenants herein, or in any such instrument contained or implied, shall not operate as a merger of the Indebtedness or such instrument, instruments or covenants, nor affect the Mortgagee's right to interest at the Interest Rate, nor affect nor prejudice any rights or remedies given to the Mortgagee by the terms hereof.

9.0 FIXTURES

9.1 All machinery and improvements, fixed or otherwise, and even though not attached to the Mortgaged Premises otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Mortgaged Premises as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns and all persons claiming by, through or under them and shall be security for the Indebtedness.

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

10.1 IT IS AGREED BY AND BETWEEN THE MORTGAGOR AND MORTGAGEE as follows:

(a) That no part of the Indebtedness existing at the date of this Mortgage, or incurred or arising thereafter, shall be deemed to be unsecured by this Mortgage.

(b) That this Mortgage is and shall be a continuing collateral security to the Mortgagee for the amount of the Indebtedness as herein provided and shall be deemed to be taken as security for the ultimate balance of the Indebtedness and this Mortgage shall not, nor shall anything herein contained operate so as to create any merger or discharge of any debt

owing to the Mortgagee or any lien, bond, promissory note or bill of exchange or other security held by or which may hereinafter be held by the Mortgagee from the Mortgagor or from the Customer or from any other person or persons and this Mortgage shall not in any way prejudicially affect such security held or which may hereafter be held by the Mortgagee for the liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Mortgagee for or on account of the said liabilities or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Mortgage.

(c) That any and all payments made in respect of the indebtedness and interest and the monies or other proceeds received from the sale of any securities held therefor, including this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the indebtedness as the Mortgagee may see fit or may be held unappropriated in a separate collateral account for such time as the Mortgagee may see fit.

(d) That the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Mortgagor, the Customer, the Guarantor and all other persons, securities and guarantees as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage.

11.0 CHANGE OF CORPORATE CONTROL

11.1 Where the Mortgagor is a corporation, the Mortgagor covenants and agrees in the event that:

(a) the Mortgagor fails to supply to the Mortgagee, in a form satisfactory to the Mortgagee, such information relating to the ownership of its shares as the Mortgagee may from time to time require, or

(b) without the written consent of the Mortgagee first had and obtained,

(i) the Mortgagor issues or redeems any of its shares or transfers any of its shares;

(ii) there is a sale or sales of shares of the Mortgagor which results in the transfer of the legal or beneficial interest of a majority of the shares of the Mortgagor; or

(iii) there is a change in the effective control of the majority of the voting shares of the Mortgagor.

The Principal Sum secured by this Mortgage together with all interest and other monies owing hereunder shall forthwith become due and payable at the option of the Mortgagee and the Mortgagee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

12.0 RECEIVERSHIP

12.1 Notwithstanding anything herein contained, it is declared and agreed that if at any time when there shall be default under the provisions of this Mortgage, the Mortgagee may, at such time and from time to time, and with or without entry into possession of the Mortgaged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Mortgagee or not, to be a receiver (which term, as used herein, includes a receiver manager) of the Mortgaged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another receiver, and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any such receiver from time to time, the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Mortgaged Premises as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies, whether created before or after this Mortgage;

(ii) rent any portion of the Mortgaged Premises which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Premises left by the Mortgagor in an unfinished state

or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(v) manage, operate, repair, alter or extend the Mortgaged Premises or any part thereof.

The Mortgagor undertakes to ratify and confirm whatever any such receiver may do in the Mortgaged Premises.

(b) The Mortgagee may, at its discretion, vest the receiver with all or any of the rights and powers of the Mortgagee.

(c) The Mortgagee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Mortgaged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Mortgagor and, in no event, the agent of the Mortgagee and the Mortgagee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Premises.

(f) No such receiver shall be liable to the Mortgagor to account for monies other than monies actually received by the receiver in respect of the Mortgaged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's power and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Mortgaged Premises in priority to this Mortgage, including taxes;

(iv) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee, in its discretion, shall determine, and

thereafter, every such receiver shall be accountable to the Mortgagor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Mortgagor on demand and shall be a charge on the Mortgaged Premises and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Mortgagor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Mortgagee may, at any time and from time to time, terminate any such receivership by notice in writing to the Mortgagor and to any such receiver.

(i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have.

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

13.1 In the event that any one or more of the Mortgagor is not also the Customer, each such Mortgagor which is not also the Customer (hereinafter in this section 13.1 called "such Mortgagor") jointly and severally covenants with the Mortgagee as follows:

(a) this Mortgage and the covenants, provises, obligations and agreements on the part of the Mortgagor herein contained shall be the continuing obligations and liability of each such Mortgagor and shall cover all of the liabilities and obligations of the Mortgagor hereunder and shall apply to and shall secure the ultimate balance of the Principal Sum, together with

all interest thereon, and any other monies secured hereunder;

(b) the Mortgagee shall not be bound to exhaust its recourse against the Customer or others or any securities (which term when used in this section 13.1 includes guarantees) it may at any time hold before being entitled to payment from each such Mortgagor of the Principal Sum, together with all interest thereon, and any other monies secured hereunder and each such Mortgagor renounces to all benefits of discussion and division;

(c) this Mortgage and the liabilities and obligations of each such Mortgagor hereunder shall not be affected by the death or loss or diminution of capacity of the Customer or of any such Mortgagor or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Customer, or by the Customer or the Customer's business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;

(d) this Mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Mortgagee and all dividends, compositions, proceeds of security valued and payments received by the Mortgagee from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of any Mortgagor to claim in reduction of his liability under this Mortgage, the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Mortgagee or proceeds thereof, and none of such Mortgagors shall have the right to be subrogated in any rights of the Mortgagee until the Mortgagee shall have received payment in full of all indebtedness;

(e) all of the Principal Sum and any other monies secured hereunder or intended to be secured hereby shall be deemed to form part of the obligations, debts and liabilities of each such Mortgagor notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or suable entity, and notwithstanding any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or creditors, or in the taking or registering of this Mortgage or any other securities, the whole whether known to the Mortgagee or not; and all the Principal Sum and any other monies secured hereunder shall be recoverable from each such Mortgagor as sole or principal debtor in respect thereof and shall be paid to the Mortgagee on demand with interest and accessories; and

(f) each such Mortgagor shall be bound by any account settled between the Mortgagee and the Customer, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Mortgagee shall be accepted by such Mortgagor and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Mortgagee or remains unpaid by the Customer to the Mortgagee.

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

14.1 It is the intention of the parties hereto that the building or buildings erected or to be erected on the Mortgaged Premises form part of the security for the Principal Sum secured by this Mortgage; and that all advances are to be made in such manner at such times and in such amounts up to the full amount of the Principal Sum as the Mortgagee in its sole discretion may determine, and subject always to the provision to which the Mortgagor hereby agrees that notwithstanding the execution or registration of this Mortgage or the advancement of any part of the Loan, the Mortgagee is not bound to advance the Loan or any unadvanced portion thereof and the advance of the Loan and any part thereof from time to time shall be in the sole discretion of the Mortgagee, but nevertheless, this Mortgage hereby made shall take effect forthwith upon execution by the Mortgagor and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the Loan not being advanced, the same to be charged hereby upon the Mortgaged Premises and shall be without demand thereof, payable forthwith with interest at the Interest Rate and in default, the Mortgagee's power of sale hereby given and all other remedies hereunder shall be exercisable.

15.0 EXTENSIONS

15.1 PROVIDED that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor or any other dealing with the owner of the Mortgaged Premises, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the monies hereby secured.

18.0 GUARANTEE OF MORTGAGE

18.1 **IN CONSIDERATION** of the Mortgagee making loans, accommodations, advances or other extensions of credit to the Customer which are the basis for the Indebtedness, each Guarantor hereby agrees with the Mortgagee as follows:

(a) Each Guarantor hereby:

(i) guarantees the payment by the Mortgagor to the Mortgagee of all of the Principal Sum and other liabilities of the Mortgagor secured or payable under this Mortgage, present or future covenant, direct or indirect, absolute or contingent, matured or not, including, without limitation, principal, interest, taxes, fees and expenses as and when the same are due and payable under this Mortgage (the "Guaranteed Amounts"); and

(ii) covenants and agrees to perform all other covenants and obligations of the Mortgagor under this Mortgage as and when the same are required to be observed or performed under this Mortgage (the "Guaranteed Covenants");

in each case without any demand required to be made. The obligations of the Mortgagor to pay the Guaranteed Amounts and perform and observe the Guaranteed Covenants are hereinafter collectively refered to as the "Guaranteed Obligations", and this guarantee is hereinafter referred to as the "Guarantee".

(b) If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to "the Guarantor" is to each and every such Guarantor.

(c) If any monies or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor, or any of them, on the footing of a guarantee for any reason whatever, such monies or amounts may be recovered from the Guarantor, or any of them, as a primary obligor and principal debtor in respect of such monies or amounts, regardless of whether such monies or amounts are recoverable from the Mortgagor or would be payable by the Mortgagor to the Mortgagee. For greater certainty, but without restricting the generality of the foregoing, if the Mortgagee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations, including, without limitation, the right of acceleration, the right to be paid interest at the Interest Rate in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Mortgagee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Mortgagor and the Mortgagee; provided, however, that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended and shall not be interpreted to confer on the Guarantor, or any of them, any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

(d) Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Mortgagee may:

(i) grant any time, indulgences, waivers or extensions of time for payment of any of the Guaranteed Obligations;

(ii) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage, and whether by express agreement signed by the Mortgagor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(iii) change the interest rate provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such interest rate is calculated or determined; change from a fixed rate to a variable or floating rate, or from a variable or floating rate to a fixed rate, or otherwise;

(iv) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of this Mortgage in any manner whatever;

(v) release or discharge from this Mortgage the whole or any part of the Mortgaged Premises or any other security for the Indebtedness;

(vi) advance additional principal amounts to the Customer pursuant to any provision of this Mortgage and/or a Loan Document that permits the Customer to borrow such additional principal amounts from the Mortgagee;

(vii) permit the Customer to prepay the Indebtedness, in whole or in part, or to skip any one or more scheduled instalments of payments of principal and interest, or to pay one or more such scheduled instalment on a scheduled payment date under a Loan Document that permits such prepayment, skipping or multiple payments or otherwise;

(viii) accept compositions, compromises or proposals from the Customer or otherwise deal with the Customer or any other person (including, without limitation, the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including, without limitation, this Mortgage) or the Mortgaged Premises or any security as the Mortgagee sees fit, including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Indebtedness;

(ix) release or discharge any Guarantor, or one or more other co-covenantors or guarantors or Mortgagors in respect of this Mortgage, whether under this Guarantee or otherwise; or

(x) release any subsequent legal or beneficial owner of the Mortgaged Premises from any liability for the Guaranteed Obligations, or any of them, or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under the Guarantee, regardless of whether any such action has the effect of amending or varying this Mortgage or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Mortgagor under this Mortgage as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if the interest rate provided in this Mortgage is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

(c) The obligations of the Guarantor hereunder shall be unaffected by:

(i) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Mortgagor, the Customer or any Guarantor or any other party;

(ii) any irregularity, defect, unenforceability or invalidity in respect of the Indebtedness or this Mortgage or any indebtedness, liability or other obligation of the Mortgagor or any other party;

(iii) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

(iv) any judgment obtained against the Mortgagor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation any money on deposit and any guarantee) or any right or remedy, from or against the Mortgagor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect, any security (including without limitation any money on deposit or any guarantee) or any right or remedy;

(v) any change in the name, control, objects, business, assets, capital structure or constitution of the Mortgagor, the Customer or any Guarantor, or any merger or amalgamation of the Mortgagor, the Customer or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Mortgagor, the Customer or Guarantor was originally formed, or any change in the membership of the Mortgagor, the Customer or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Mortgagor", the "Customer", or the "Guarantor" in this Mortgage will be deemed to include each corporation and each partnership resulting from any of the foregoing;

(vi) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of this Mortgage or the Guarantee, or the Mortgagor, the Customer or any Guarantor;

(vii) any failure on the part of the Mortgagee to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Mortgagee with respect to this Mortgage, or any other security granted to the Mortgagee relating to this Mortgage or the Indebtedness; and

(viii) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;

It being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Mortgage shall be absolute and unconditional under any and all circumstances.

(f) Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Mortgagee in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Mortgagee, and the Guarantor shall not seek any reimbursement from the Mortgagor.

(g) The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Mortgage (whether such payment shall have been made by or on behalf of the Mortgagor or the Guarantor or any of them) is rescinded, or is reclaimed from the Mortgagee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Mortgagor, the Customer or the Guarantor or any of them, or for any other reason.

(h) The Mortgagee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Mortgagor, the Customer or any other party or any assets of the Mortgagor, the Customer or of any other party before being entitled to demand payment or performance by any Guarantor of its obligations under this Mortgage. Each Guarantor hereby waives all benefit of discussion and division.

(i) Any Guarantor may, by notice in writing delivered to the manager of the branch or agency of the Mortgagee receiving this instrument, terminate the Guarantor's liability under this Mortgage with effect from and after the date (the "Termination Date") that is 30 days following the date of such notice in respect of Guaranteed Obligations incurred or arising at any time on or after the Termination Date but not in respect of any Guaranteed Obligations incurred, arising or existing before the Termination Date, even though not then matured. Notwithstanding the foregoing, the Mortgagee may fulfil any requirements of the Mortgagor under this Mortgage or any indebtedness requested by the Mortgagor prior to the receipt of such notice, and any liabilities of the Mortgagor resulting from such fulfilment shall be added to the Guaranteed Obligations and shall be secured by this Mortgage. Termination of the liability of one or more of the Guarantors shall not affect the liability of any other Guarantor.

(j) Each Guarantor shall indemnify and save harmless the Mortgagee from and against all losses, damages, costs and expenses which the Mortgagee may sustain, incur or become liable for by reason of:

(i) the failure, for any reason whatever, of the Mortgagor to pay any amounts expressed to be payable pursuant to the provisions of this Mortgage, regardless of whether the Mortgagor's obligation to pay such amounts is valid or enforceable against the Mortgagor;

(ii) the failure, for any reason whatever, of the Mortgagor to perform any other obligation under this Mortgage; or

(iii) any act, action or proceeding of or by the Mortgagee for or in connection with the recovery of such amounts or the performance of such obligations.

(k) The Guarantee shall be operative and binding upon every Guarantor upon execution and delivery of this Mortgage by such Guarantor, regardless of whether it has been executed by any other proposed guarantor or guarantors.

17.0 CONDOMINIUMS

17.1 If this Mortgage charges one or more Condominium Units, the following provisions shall apply:

(a) The Mortgagor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Mortgagor by the Condominium Act, the declaration, the by-laws, and the rules, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the Condominium Unit(s). Any breach of the said duties and obligations shall constitute a breach of covenant under this Mortgage.

(b) Without limiting the generality of the foregoing, the Mortgagor covenants and agrees that he will pay promptly when due any contributions to common expenses required of him as an owner of the Condominium Unit(s) and in the event of his default in doing so the Mortgagee, at its option, may pay the same and the amount so paid shall be added to the debt secured by this Mortgage and shall be a charge on the Condominium Unit(s) and shall bear interest at the Interest Rate from the time of such payments and shall be payable forthwith by the Mortgagor to the Mortgagee whether or not any payment in default has priority to this Mortgage or any part of the monies secured thereby.

(c) The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee to exercise the right of the Mortgagor as an owner of the Condominium Unit(s) to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the said Condominium Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgagee

revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Mortgagee shall not by virtue of the assignment to the Mortgagee of the right to vote or consent be under any obligation to vote or consent to protect the interests of the Mortgagor.

(iii) The exercise of the right to vote or consent shall not constitute the Mortgagee a mortgagee in possession.

18.0 DISTRESS

18.1 **PROVIDED** that and it is further stipulated and agreed by and between the parties to this Mortgage that the Mortgagee, its successors or assigns, may distrain for arrears of interest against the Mortgaged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payment of taxes, if required, in the same manner as if the same were arrears of interest.

19.0 RIGHTS ON DEFAULT

19.1 The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Mortgagor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Mortgagee may, at such time or times as it may deem necessary and without the concurrence of any other person, enter upon the Mortgaged Premises and make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Mortgaged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee, and shall be a charge upon the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

19.2 **PROVIDED** also that in the event of default of payment of the Principal Sum with interest thereon and any other monies secured hereunder, or in the due performance of any provision in this Mortgage, the Mortgagee may, where legally permitted or required, enter on or lease or sell the Mortgaged Premises, but no power of sale shall be exercised until after four weeks' notice has been given. Any such sale may be a sale of the Mortgaged Premises as a whole or in separate parcels at public auction, by public tender or by private sale or partly in one manner and partly in another manner or manners, at such time and on such terms and conditions as the Mortgagee shall appoint, having first given such notice as it may think proper or as may be required by law, and upon such reasonable conditions as to upset or reserve, bid or price and as to terms of payment as it may deem proper. The Mortgagee may adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Mortgaged Premises good and sufficient deed or deeds for the same, the Mortgagee being hereby constituted the irrevocable attorney of the Mortgagor for the purpose of making such sale and executing such deeds and any such sale as aforesaid shall be a perpetual bar both at law and at equity against the Mortgagor and all persons claiming the Mortgaged Premises, by, from, through or under the Mortgagor; provided that the Mortgagee shall have the right exercisable and any time and from time to time to purchase all or any part of the Mortgaged Premises if the same are sold by public auction or by public tender.

20.0 OBLIGATIONS SURVIVE SALE

20.1 **PROVIDED** further that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the monies hereby secured.

21.0 NEW HOME WARRANTY PLAN ACT

21.1 If the Mortgagee incurs any cost or expense of any nature or kind, in any way arising from or relating to a new home warranty act or similar legislation and the regulations thereunder, including any amendments or replacements, or either of them (the "Act"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the Act or enrolling the Mortgaged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a mortgage on the Mortgaged Premises in priority to all other encumbrances registered or arising subsequent to this Mortgage and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee.

22.0 PARTIAL RELEASE

22.1 **PROVIDED** that the Mortgagee may at all times release any part or parts of the Mortgaged Premises or other security or any surety or guarantor for payment of all or any part of the Indebtedness hereby secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the Indebtedness, either with or without consideration therefore, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other party to this Mortgage, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release, the Mortgaged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the Principal Sum secured by this Mortgage.

23.0 RELEASE

23.1 The Mortgagee shall have a reasonable time after payment in full of the amounts secured by this Mortgage within which to prepare, execute and register, if required, a discharge or assignment of this Mortgage; provided that interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Mortgagee. All legal and other expenses for the preparation, execution and registration, as applicable, of such discharge or assignment and any other administrative fee of the Mortgagee in connection therewith shall be borne by the Mortgagor.

24.0 LIENS AND CONSTRUCTION

24.1 **PROVIDED** also that upon the registration of any lien against the Mortgaged Premises, or in the event of any buildings being erected thereon or allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the Principal Sum, together with interest at the Interest Rate, and all other amounts secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable. In the event any lien is registered against the Mortgaged Premises, the Mortgagee shall have the right, but not the obligation, to pay such amounts as may be required to vacate the lien. Any amount so paid by the Mortgagee, together with all costs, charges and expenses incurred by the Mortgagee in connection therewith, including all solicitors' charges or commissions, on a solicitor and its own client basis, shall be added to the Principal Sum secured by this Mortgage and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Mortgaged Premises prior to all claims thereon subsequent to this Mortgage, and shall be forthwith payable on demand.

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

25.1 It is agreed that in the event that at any time any provision of this Mortgage is illegal or invalid under, or inconsistent with, the provisions of any applicable statute or regulation thereunder or would, by reason of the provisions of any such statute or regulation, render the Mortgagee unable to collect the amount of any loss sustained by it as a result of providing the Indebtedness which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would render the Mortgagee unable to collect the amount of any such loss.

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

26.1 **PROVIDED** that no failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall prejudice such rights or any other rights of the Mortgagee; no performance or payment by the Mortgagee in respect of any breach or default hereunder of the Mortgagor shall relieve the Mortgagor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

27.0 MORTGAGEE'S EXPENSES

27.1 The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to this Mortgage, and to any and all documents required in connection therewith, and of any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable hereunder including, without limiting the generality of the foregoing, all solicitors' fees, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Mortgagee thereon and all costs and expenses valuing the Mortgaged Premises in connection with the foregoing. The Mortgagor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Interest Rate and shall be a charge on the Mortgaged Premises.

28.0 OTHER SECURITY

28.1 This Mortgage is in addition to, and not in substitution for, any other security held by the Mortgagee, including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Mortgagee for the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. Without limiting the generality of the foregoing, this Mortgage is in addition to, and not in substitution for, any other charges now or hereafter held by the Mortgagee over the Mortgaged Premises as security for monies advanced hereunder or any other monies due to the Mortgagee, and it is understood and agreed that the aggregate principal amount secured by this Mortgage and such other charges shall be the sum of the Principal Sum and all other monies secured hereunder and the respective principal amounts of such other charges.

29.0 HEADINGS

29.1 The headings of sections herein are inserted for convenience of reference only and shall not affect the construction or interpretation of this Mortgage.

30.0 INTERPRETATION

30.1 AND it is hereby agreed that where the context requires, words in the singular include the plural, and words importing the masculine gender include the feminine and neuter genders. All covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor shall be joint and several, and shall be binding upon the heirs, executors, administrators, successors and assigns of the Mortgagor, as the case may be.

30.2 This Mortgage is made in pursuance of any applicable enactments respecting short forms of indentures.

31.0 RECEIPT OF TRUE COPY

31.1 The Mortgagor (and the Guarantor, if applicable) acknowledges receipt of a copy of this Mortgage.

IN WITNESS WHEREOF the Mortgagor (and the Guarantor, if applicable) has properly executed this Mortgage the day and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

Witness: Christene Hirschfeld

3317427 NOVA SCOTIA LIMITED

Per: Alex Rice, President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3317427 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 4 day of Dec, 2020, before me:

A Barrister of the Supreme Court of Nova Scotia
Christene Hirschfeld, Q.C.

Alex K. Rice

PL# 146238.011/9417305

TAB Q

E-FORM 760
(2000/03)

ASSIGNMENT OF RENTS

THIS INDENTURE made this 4 day of Feb, 2020

BETWEEN:

3317427 Nova Scotia Limited

hereinafter called the "Assignor"

OF THE FIRST PART,

and

ROYAL BANK OF CANADA

hereinafter called the "Assignee"
OF THE SECOND PART.

WHEREAS, by a Mortgage dated Feb.4/2020 KR and registered in the Land Registry Office for the Land (Registry/Titles) Division of Pictou, as instrument No. 116017162 the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed which Mortgage secures payment of the sum of One Hundred Thirty Three Thousand Dollars ($133,000.00) and interest as therein mentioned and which Mortgage is hereinafter referred to as "the Mortgage". Whenever in this indenture reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof and any Mortgage taken in substitution therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee, its successors and assigns, the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from, leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto (the "Leases") now or hereafter entered into by the Assignor as landlord with tenants thereof (Lessees) and including without limitation the specific leases referred to in Schedule "B" hereto annexed, as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this Indenture contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS INDENTURE WITNESSETH that the Assignor in consideration of the premises, the making of the said Mortgage, and the sum of One ($1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases (including without limitation the specific leases referred to in Schedule "B" hereto annexed) and all benefits and advantages to be derived therefrom, to hold and receive the same unto the said Assignee, its successors and assigns.

2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months' of such rents being prepaid under such Leases, or variation, cancellation or surrender of any of the Leases, or of the terms, covenants, provisos or conditions thereof.

3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.

4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this Indenture herein contained in any or all of the following ways:

(a) in its own name;

(b) in the name of the Assignor, and

(c) in the names of both the Assignor and the Assignee jointly,

5. The Assignor agrees to assign any of the said Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of its security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases, (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises on the lands and premises described in Schedule "A" hereto or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the said Lessee to make such payments, and the payments of the said rentals to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an Arbitration Award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this Assignment of Rents upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the
Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this Assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this Indenture contained shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and that the Assignee shall not by virtue of these presents be deemed a mortgagee in possession of the lands and premises described in Schedule "A" hereto and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of these presents.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this Indenture shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

13. IT IS HEREBY DECLARED AND AGREED that these presents and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF the Assignor has hereunto affixed its corporate seal under the hands of its proper signing officers duly authorized in that behalf.

SIGNED, SEALED AND)
DELIVERED BY)

Witness
Christene Hirschfeld

3317427 Nova Scotia Limited

Per: _____
Name: Alex K. Rice.
Title: President.

PL# 146238.011/9417307

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3317427 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 4 day of February, 2020, before me:

A Barrister of the Supreme Court of Nova Scotia
Christine Hirschfeld

K Alex Rice

Alex K. Rice

SCHEDULE "A"

See attached.

PARCEL DESCRIPTION REPORT

2020-01-22 15:46:28

PID:	988246
CURRENT STATUS:	ACTIVE
EFFECTIVE DATE/TIME:	2004-12-16 16:11:43

SCHEDULE A

ALL THAT CERTAIN lot, piece or parcel of land situate, lying and being in the Town of Stellarton, in the County of Pictou and Province of Nova Scotia, bounded and described as follows:

BEGINNING at the southeast corner of a lot of land deeded to George and Lilpha McDonald by Marion Cameron and C. H. Cameron,(now or formerly owned by Foster Willis Gordon, Elva Mary Gordon, and David Foster Gordon) and running north sixty-five (65) degrees west sixty (60) feet;

THENCE north fifty-eight (58) degrees and thirty (30) minutes west sixty (60) feet or until it reaches the western corner of lot owned by Thomas Urquhart, (now or formerly owned by Elma Marjory Rideout and Kenneth Harris Rideout),

THENCE south thirty-three (33) degrees west one hundred (100) feet, along lands now or formerly owned by Clarence E. Smith and Stella A. Smith,

THENCE south sixty-three (63) degrees east one hundred and twenty (120) feet, along Claremont Avenue,

THENCE north thirty-three (33) degrees east one hundred (100) feet, along Fairview Street, to place of beginning,

CONTAINING in all twelve thousand (12,000) square feet, more or less.

BEING AND INTENDED to be the same lot of land as registered at the Registry of Deeds in Pictou, Nova Scotia in Book 345 at Page 126, and also being and intended to be the same lot of land as registered at the Registry of Deeds in Pictou, Nova Scotia in Book 408 at Page 84.

External Comments:

Description Change Details:

Reason:

Author of New or Changed Description:

Name:

Registered Instruments:

Comments:

SCHEDULE "B"

All leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto.

Statement of Registered and Recorded Interests

Land Registration Date/Time:	2004-12-17 08:34:18
Date/Time of Issuance of SRI:	2020-03-11 15:07:52
Date/Time of Parcel Register Update:	2020-03-11 15:07:36

Registration District:	PICTOU COUNTY
User Reference:	ASN/CHH/146238.011/T

PARCEL INFORMATION:

Parcel Identification Number (PID):	**988246**
Civic Address and Lot Number:	18 CLAREMONT AVENUE STELLARTON
Condominium Corp. Number:	
General Location of the Parcel:	STELLARTON
Parcel Access Type:	PUBLIC

REGISTERED OWNER'S INFORMATION:

Owner Name:	3317427 NOVA SCOTIA LIMITED	
Qualifier:		
Interest Type:	FEE SIMPLE	
Document Reference:	116001281	2020-03-05 10:58:34
Instrument Type:	DEED	
Address of Owner:	99 WYSE ROAD SUITE 600 POST OFFICE BOX 876 DARTMOUTH NS CA B2Y 3Z5	
Non-resident of Nova Scotia?	NO	

MANNER OF TENURE: NOT APPLICABLE
Description of Tenure:

RECORDED INTERESTS AND INSTRUMENTS:

Interest Holder Name:	ROYAL BANK OF CANADA	
Qualifier:		
Interest Type:	ASSIGNEE	
Document Reference:	112719365	2018-06-08 08:16:17
Instrument Type:	ASSIGNMENT OF LEASES AND/OR RENTS	
Expiry Date:		
Address of Interest Holder:	7101 PARK AVENUE FLOOR 5TH MONTREAL QC CA H3N 1X9	

*Indicates Parcel Register changes in process

Interest Holder Name:	ROYAL BANK OF CANADA	
Qualifier:		
Interest Type:	MORTGAGEE	
Document Reference:	112713665	2018-06-07 10:22:58
Instrument Type:	MORTGAGE	
Expiry Date:		
Address of Interest Holder:	7101 PARK AVENUE FLOOR 5TH MONTREAL QC CA H3N 1X9	

Interest Holder Name:	ROYAL BANK OF CANADA	
Qualifier:		
Interest Type:	MORTGAGEE	
Document Reference:	116017162	2020-03-09 12:45:03
Instrument Type:	MORTGAGE	
Expiry Date:		
Address of Interest Holder:	7101 PARK AVENUE FLOOR 5 MONTREAL QC CA H3N 1X9	

Interest Holder Name:	ROYAL BANK OF CANADA	
Qualifier:		
Interest Type:	ASSIGNEE	
Document Reference:	116031346	2020-03-11 14:25:18
Instrument Type:	ASSIGNMENT OF LEASES AND/OR RENTS	
Expiry Date:		
Address of Interest Holder:	7101 PARK AVENUE FLOOR 5 MONTREAL QC CA H3N 1X9	

NON-ENABLING INSTRUMENTS:

QUALIFICATION:

The names lists for Tenant in Common interest holders that are not registered pursuant to the *Land Registration Act* have been obtained from Property Online and have not been searched for completeness or accuracy. No representations or opinions are made with respect to these Tenants in Common. The list of Tenants in Common not registered pursuant to the *Land Registration Act* cannot be relied upon as advice on the current state of title of those interests in the subject parcel. A search of the records at the appropriate Registry of Deeds office is required to determine the current owner(s) of the Tenants in Common not registered pursuant to the *Land Registration Act*.

*Indicates Parcel Register changes in process

RESOLUTION OF THE SOLE DIRECTOR
OF
3317427 NOVA SCOTIA LIMITED
(the "Company")

WHEREAS the sole Director of the Company are authorized from time to time to borrow money upon the credit of the Company, to issue, re-issue, sell or pledge securities of the Company, including bonds, debentures, notes or other evidences of indebtedness and to mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the assets of the Company to secure such monies for such sums, on such terms and at such prices as they may deem expedient and as the Directors may determine.

AND WHEREAS it is expedient and in the interest of the Company that the Director should exercise such authority;

NOW THEREFORE BE IT RESOLVED THAT:

1. The Company is hereby authorized to borrow up to One Hundred Thirty Three Thousand Dollars ($133,000.00(Cdn.)) from Royal Bank of Canada (the "Lender").

2. The Company is hereby authorized to secure the aforesaid loan by granting:

   (a) a first mortgage/charge to and in favour of the Lender or as the Lender may direct as and by way of a fixed and specific charge on 18 Claremont Avenue, Stellarton, Nova Scotia;

   (b) any other security as required by the Lender.

(the items in (a) through (b) above being hereinafter collectively referred to as the "Security").

3. The Security shall be in such form and shall contain such terms and provisions as may be required by the Lender and approved by the Authorized Signing Officer (as defined below) executing such Security. Execution and delivery of the Security by an Authorized Signing Officer shall be conclusive evidence of such approval and the Security so executed and delivered shall be a valid and binding obligation of, and shall be enforceable against, the Company.

4. The Security may be executed on behalf of the Company, under the corporate seal of the Company or otherwise, by any of the persons named below (each an "**Authorized Signing Officer**"), each of whom is a duly elected or appointed director and/or officer of the Company:

   Alex K. Rice – President, Secretary and Director

   Notwithstanding any change in any of the persons holding such offices between the time of the actual signing and the delivery of the Security, and notwithstanding that the director or officer signing may not have held office at the date of the Security or at the date of execution or delivery thereof, the Security so signed shall be a valid and binding obligation of, and shall be enforceable against, the Company.

5. Any such Authorized Signing Officer is hereby authorized and directed for and on behalf of and in the name of the Company to do, sign and execute, under the corporate seal of the Company or otherwise, all such other agreements, documents, securities, notes, instruments, certificates, directions, powers of attorney (the "**Additional Documents**") and things as in his opinion may be provided for under the Security, or which may be advisable, necessary, or useful, or which may be requested by the Lender, in connection with the foregoing resolutions or in connection with the execution, delivery or registration of, or the performance of any of the Company's obligations under, any of the Security.

SIGNED this 4th day of February, 2020.

K Alex Rice

Alex K. Rice

Being the sole Director of the Company

TAB R

[Collateral Mortgage - Newfoundland, Nova Scotia, and Prince Edward Island]

This Collateral Mortgage made this 28th day of January, 2021.

BETWEEN:

3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

(a) "Condominium Corporation" means the condominium corporation of which the Mortgagor is a member by virtue of ownership of the Mortgaged Premises;

(b) "Condominium Unit(s)" means the condominium unit(s) and common interests appurtenant thereto described in Schedule "A" annexed hereto;

(c) "Customer" means 3317427 NOVA SCOTIA LIMITED, who is a customer of the Mortgagee. If more than one person is named as a Customer, the term "Customer" means all and any one or more of them and the liabilities of the Customer (as hereinafter defined) means the liabilities of all or any one or more of them to the Mortgagee;

(d) "Guarantor" means the party or parties of the third part who has executed this Mortgage to guarantee the obligations of the Mortgagor pursuant to the provisions of Section 16 of this Mortgage;

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by the Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreement or dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of Eight Hundred Eighty Thousand Dollars ($ 880,000.00) (the "Principal Sum"), together with interest, from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

(Use one of the two below and delete the other)

(a) Fixed Interest Rate

Interest at the rate of _____ per centum (_____%) per annum, calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum;

(b) Prime Rate

Interest at a rate equal to the Mortgagee's Prime Interest Rate per annum in effect from time to time plus five percent per centum (P+5.00 %) per annum calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum. For the purpose hereof, the Prime Interest Rate is the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect

for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Mortgagee's Prime Interest Rate applicable at any time, or times, it is agreed that the certificate in writing of the Mortgagee setting forth the Mortgagee's Prime Interest Rate as at any time, or times, shall be conclusive evidence as to the Mortgagee's Prime Interest Rate as in the certificate set forth;

(g) "Loan" means any loan, facility or arrangement creating the Indebtedness;

(h) "Loan Document" means any agreement or instrument evidencing the Indebtedness;

(i) "Mortgagee" means Royal bank of Canada;

(j) "Mortgaged Premises" means the lands described in Schedule "A" annexed hereto, together with all easements, rights of way, tenements, hereditaments, rights, privileges and appurtenances now or hereafter belonging or appertaining to these lands, and together with, if applicable, all buildings, erections, structures and appurtenances, fixed or otherwise, now or hereafter put on these lands and includes a Condominium Unit(s), if applicable;

(k) "Mortgagor" means the party or parties of the first part.

2.0 RECITALS

2.1 The Mortgagee has requested from the Mortgagor security for the due payment of the Indebtedness.

2.2 The Mortgagor has agreed to execute this Mortgage for the purpose of securing to the Mortgagee payment of the Indebtedness.

3.0 CHARGE

3.1 In consideration of the sum of $1.00, the Mortgagor assigns, conveys and mortgages, as beneficial owner by way of a first fixed and specific charge to the Mortgagee the Mortgaged Premises TO HOLD the Mortgaged Premises unto the Mortgagee:

(a) as to leasehold lands, for all the residue yet to come and unexpired of the term granted by the lease of the same except the last day thereof which is excepted out of the Mortgaged Premises but in respect of which the Mortgagor shall stand possessed in trust for the Mortgagee for the purpose of this Mortgage; and

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

3.2 Provided that this Mortgage shall be void upon the Mortgagor paying upon demand to the Mortgagee the Principal Sum and all other amounts payable by the Mortgagor hereunder and upon the due performance of all covenants and conditions herein contained and on the part of the Mortgagor to be observed and performed, but shall otherwise remain in full force and effect.

4.0 COVENANTS

4.1 The Mortgagor covenants with the Mortgagee that:

(a) The Mortgagor will pay upon demand that portion of the Principal Sum then outstanding, together with interest thereon from the date of demand at the Interest Rate, and on default the Mortgagee may enter and have quiet enjoyment of the Mortgaged Premises.

(b) (i) The Mortgagor will pay all taxes, rates and assessments and show receipts on demand, or at the option of the Mortgagee, pay to the Mortgagee one-twelfth of the yearly taxes as estimated by the Mortgagee on the first day of each and every month during the term or continuance of this Mortgage and the Mortgagee shall apply such payments on account of the taxes so long as the Mortgagor shall not default under any covenant or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of the taxes more often than yearly; or prior to discount or interest dates; provided however that if the Mortgagor shall pay any sum or sums to the Mortgagee to apply on account of the taxes and if before the same shall have been so applied there shall be default by the Mortgagor in respect of any payment of the Indebtedness, the Mortgagee may at its option apply such sum or sums in or towards payment of the principal and/or interest in default; and in the event that the taxes actually levied for any one year together with any interest and penalties

thereon exceed the estimated amount, the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency; and if the Mortgagor desires to take advantage of any discounts or avoid any penalty in connection with the payment of the taxes, the Mortgagor shall pay to the Mortgagee such additional amounts as are required and shall direct the Mortgagee to make such payments for that purpose; and the Mortgagor shall transmit to the Mortgagee forthwith after receiving them, tax bills and other notices affecting the imposition of taxes upon the Mortgaged Premises.

(ii) The Mortgagee shall allow the Mortgagor interest, at the rate prescribed by the Mortgagee on the minimum monthly balance outstanding in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less than once each year; and the Mortgagor shall be charged interest at the Interest Rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee until such debit balance is fully repaid.

(c) The Mortgagor has a good freehold/leasehold title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed, that the Mortgaged Premises are free from encumbrances, and that the Mortgagor will procure such further assurances as may reasonably be required.

(d) (i) The Mortgagor will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Mortgaged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Mortgaged Premises or the use thereof, in a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Mortgagee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee, and the Mortgagor will forthwith assign, transfer and deliver over unto the Mortgagee the policy or policies of insurance and receipts thereto appertaining; and if the Mortgagor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Mortgagee shall pay any premiums or sums of money for insurance for the buildings on the Mortgaged Premises or any part thereof the amount of such payment shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Mortgagor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this Mortgage shall be sufficient authority for the said insurance company to pay any such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Mortgaged Premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part, in payment of this Mortgage debt or any part thereof whether due or not then due.

(ii) If the Mortgaged Premises are comprised of one or more Condominium Units, the insurance provisions set out in subparagraph (i) above will not apply and the following will apply to this Mortgage:

The Mortgagor or the Condominium Corporation or both of them will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, the Condominium Unit(s), both during erection and thereafter and all fixtures as herein defined or referred to and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Condominium Unit(s) or the use thereof, in a company or companies approved by the Mortgagee; and the Mortgagor or the Condominium Corporation, or both of them, will forthwith provide to the Mortgagee certificates of insurance and such other evidence of insurance as the Mortgagee may require, and if the Mortgagor or Condominium Corporation, or both of them, shall

neglect to keep the Condominium Unit(s) insured as aforesaid, or to deliver such certificates or evidence of insurance to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obligated to insure the Condominium Unit(s); and the Mortgagor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies of insurance and, without limiting the generality of the obligation of the Mortgagor to observe and perform all the duties and obligations imposed on the Mortgagor by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, shall comply with the insurance provisions of the Declaration; and the Mortgagor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(e) The Mortgagor will keep the Mortgaged Premises in good condition and repair according to the nature and description thereof and if the Mortgaged Premises are not kept in good condition and repair or any act of waste is committed thereon by the Mortgagor or any person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor defaults the Mortgagee may enter and complete, repair or manage the Mortgaged Premises and recover all reasonable costs with interest at the Interest Rate as part of this Mortgage.

(f) The Mortgagor will not make or permit to be made any demolition, alterations or additions to the Mortgaged Premises without the consent of the Mortgagee, and will not use the Mortgaged Premises or permit them to be used without the consent of the Mortgagee for a purpose other than disclosed to the Mortgagee in the application for this Mortgage.

(g) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Mortgaged Premises to inspect the Mortgaged Premises, and the reasonable costs of such inspection shall be added to the Indebtedness secured by this Mortgage.

(h) The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment; toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Mortgaged Premises or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at the Mortgagor's own expense make any and all improvements thereon or alterations to the Mortgaged Premises, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

(i) In the event of default being made under any of the terms of this Mortgage, the Mortgagee shall be entitled to send an inspector or agent to inspect and report upon the value, state, and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the Mortgaged Premises at the Mortgagor's expense, and all expenses incurred in so doing, together with all costs and charges (including solicitor and client costs) which the Mortgagee may incur or pay in collecting or attempting to collect the Principal Sum and any other monies secured hereunder, or in enforcing or attempting to enforce any of the remedies and powers herein contained for the recovery of the Principal Sum and any other monies secured hereunder, whether the proceedings taken prove abortive or not, and in recovering or attempting to procure possession of and keeping possession of the Mortgaged Premises or any part thereof, shall form and be a charge upon the Mortgaged Premises, and shall be payable forthwith to the Mortgagee by the Mortgagor, and shall bear interest at the Interest Rate computed from the time of payment.

(j) In the event of the Mortgagor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Mortgaged Premises to a purchaser, grantee or transferee not approved by the Mortgagee, then at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(k) The Mortgagor will not, without the prior written consent of the Mortgagee, give any further mortgage or charge of the Mortgaged Premises while this Mortgage is still outstanding and undischarged and if the Mortgagor should mortgage or charge the Mortgaged Premises in contravention of this paragraph then, at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(l) Any sum owing or required by this Mortgage to be paid by the Mortgagor to the Mortgagee shall be added to the Principal Sum and shall form a charge on the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

5.0 APPLICATION OF PAYMENTS

5.1 **PROVIDED** that, in the case of any default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.

6.0 ACTS OF DEFAULT

6.1 **PROVIDED** that in default of the payment of the Principal Sum and any other monies secured hereunder, or on breach of any covenant or proviso herein contained, or if waste be committed by the Mortgagor or any other person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor should make an assignment for the benefit of creditors, or a proposal under the *Bankruptcy and Insolvency Act*; or *Companies' Creditors Arrangement Act* or have a bankruptcy petition presented against the Mortgagor, or if the Mortgagor should allow a creditor to enter judgment against the Mortgagor by reason of its financial inability to pay a debt or debts, the whole of the Principal Sum and any other monies secured hereunder remaining unpaid shall become payable, but the Mortgagee may waive its right to demand payment of the Principal Sum and any other monies secured hereunder and shall not be therefor debarred from subsequently asserting and exercising its right to call in the Principal Sum and any other monies secured hereunder by reason of such waiver or by reason of any future default, and the Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advancing of any part of the Loan, shall bind the Mortgagee to advance any further part of the Loan, but the advance of the Loan or any part thereof shall be in the sole discretion of the Mortgagee.

7.0 PRIOR ENCUMBRANCES

7.1 **PROVIDED** that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the Mortgaged Premises, having priority over this Mortgage, including any arrears of taxes or other rates on the Mortgaged Premises or any of them, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Mortgaged Premises and all solicitors' charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Mortgagor thereunder, as between solicitor and client, whether any action or other judicial proceeding to enforce such payment has been taken or not and the amounts so paid shall be added to the indebtedness hereby secured and be a charge on the Mortgaged Premises and shall bear interest at the Interest Rate, and shall be forthwith payable by the Mortgagor to the Mortgagee and the non-payment of such amount shall entitle the Mortgagee to exercise the powers exercisable for breach of covenant hereinbefore contained. In the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

8.0 JUDGMENT

8.1 The taking of a judgment in respect of the indebtedness or any instrument or instruments now or hereafter representing or evidencing the indebtedness, or under any of the covenants herein, or in any such instrument contained or implied, shall not operate as a merger of the indebtedness or such instrument, instruments or covenants, nor affect the Mortgagee's right to interest at the Interest Rate, nor affect nor prejudice any rights or remedies given to the Mortgagee by the terms hereof.

9.0 FIXTURES

9.1 All machinery and improvements, fixed or otherwise, and even though not attached to the Mortgaged Premises otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Mortgaged Premises, as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns and all persons claiming by, through or under them and shall be security for the indebtedness.

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

10.1 **IT IS AGREED BY AND BETWEEN THE MORTGAGOR AND MORTGAGEE as follows:**

(a) That no part of the indebtedness existing at the date of this Mortgage, or incurred or arising thereafter, shall be deemed to be unsecured by this Mortgage.

(b) That this Mortgage is and shall be a continuing collateral security to the Mortgagee for the amount of the indebtedness as herein provided and shall be deemed to be taken as security for the ultimate balance of the indebtedness and this Mortgage shall not, nor shall anything herein contained operate so as to create any merger or discharge of any debt

owing to the Mortgagee or any lien, bond, promissory note or bill of exchange or other security held by or which may hereinafter be held by the Mortgagee from the Mortgagor or from the Customer or from any other person or persons and this Mortgage shall not in any way prejudicially affect such security held or which may hereafter be held by the Mortgagee for the liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Mortgagee for or on account of the said liabilities or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Mortgage.

(c) That any and all payments made in respect of the indebtedness and interest and the monies or other proceeds received from the sale of any securities held therefor, including this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the indebtedness as the Mortgagee may see fit or may be held unappropriated in a separate collateral account for such time as the Mortgagee may see fit.

(d) That the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Mortgagor, the Customer, the Guarantor and all other persons, securities and guarantees as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage.

11.0 CHANGE OF CORPORATE CONTROL

11.1 Where the Mortgagor is a corporation, the Mortgagor covenants and agrees in the event that:

(a) the Mortgagor fails to supply to the Mortgagee, in a form satisfactory to the Mortgagee, such information relating to the ownership of its shares as the Mortgagee may from time to time require, or

(b) without the written consent of the Mortgagee first had and obtained,

(i) the Mortgagor issues or redeems any of its shares or transfers any of its shares;

(ii) there is a sale or sales of shares of the Mortgagor which results in the transfer of the legal or beneficial interest of a majority of the shares of the Mortgagor; or

(iii) there is a change in the effective control of the majority of the voting shares of the Mortgagor.

The Principal Sum secured by this Mortgage together with all interest and other monies owing hereunder shall forthwith become due and payable at the option of the Mortgagee and the Mortgagee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

12.0 RECEIVERSHIP

12.1 Notwithstanding anything herein contained, it is declared and agreed that if at any time when there shall be default under the provisions of this Mortgage, the Mortgagee may, at such time and from time to time, and with or without entry into possession of the Mortgaged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Mortgagee or not, to be a receiver (which term, as used herein, includes a receiver manager) of the Mortgaged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another receiver, and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any such receiver from time to time, the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Mortgaged Premises as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies, whether created before or after this Mortgage;

(ii) rent any portion of the Mortgaged Premises which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Premises left by the Mortgagor in an unfinished state

or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(v) manage, operate, repair, alter or extend the Mortgaged Premises or any part thereof.

The Mortgagor undertakes to ratify and confirm whatever any such receiver may do in the Mortgaged Premises.

(b) The Mortgagee may, at its discretion, vest the receiver with all or any of the rights and powers of the Mortgagee.

(c) The Mortgagee may fix the reasonable remuneration of the receiver, who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Mortgaged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Mortgagor and, in no event, the agent of the Mortgagee and the Mortgagee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Premises.

(f) No such receiver shall be liable to the Mortgagor to account for monies other than monies actually received by the receiver in respect of the Mortgaged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's power and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Mortgaged Premises in priority to this Mortgage, including taxes;

(iv) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee, in its discretion, shall determine, and

thereafter, every such receiver shall be accountable to the Mortgagor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Mortgagor on demand and shall be a charge on the Mortgaged Premises and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Mortgagor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Mortgagee may, at any time and from time to time, terminate any such receivership by notice in writing to the Mortgagor and to any such receiver.

(i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have.

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

13.1 In the event that any one or more of the Mortgagor is not also the Customer, each such Mortgagor which is not also the Customer (hereinafter in this section 13.1 called "such Mortgagor") jointly and severally covenants with the Mortgagee as follows:

(a) this Mortgage and the covenants, provisos, obligations and agreements on the part of the Mortgagor herein contained shall be the continuing obligations and liability of each such Mortgagor and shall cover all of the liabilities and obligations of the Mortgagor hereunder and shall apply to and shall secure the ultimate balance of the Principal Sum, together with

all interest thereon, and any other monies secured hereunder;

(b) the Mortgagee shall not be bound to exhaust its recourse against the Customer or others or any securities (which term when used in this section 13.1 includes guarantees) it may at any time hold before being entitled to payment from each such Mortgagor of the Principal Sum, together with all interest thereon, and any other monies secured hereunder and each such Mortgagor renounces to all benefits of discussion and division;

(c) this Mortgage and the liabilities and obligations of each such Mortgagor hereunder shall not be affected by the death or loss or diminution of capacity of the Customer or of any such Mortgagor or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Customer, or by the Customer or the Customer's business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;

(d) this Mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Mortgagee and all dividends, compositions, proceeds of security valued and payments received by the Mortgagee from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of any Mortgagor to claim in reduction of his liability under this Mortgage, the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Mortgagee or proceeds thereof, and none of such Mortgagors shall have the right to be subrogated in any rights of the Mortgagee until the Mortgagee shall have received payment in full of all indebtedness;

(e) all of the Principal Sum and any other monies secured hereunder or intended to be secured hereby shall be deemed to form part of the obligations, debts and liabilities of each such Mortgagor notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or suable entity, and notwithstanding any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or creditors, or in the taking or registering of this Mortgage or any other securities, the whole whether known to the Mortgagee or not; and all the Principal Sum and any other monies secured hereunder shall be recoverable from each such Mortgagor as sole or principal debtor in respect thereof and shall be paid to the Mortgagee on demand with interest and accessories; and

(f) each such Mortgagor shall be bound by any account settled between the Mortgagee and the Customer, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Mortgagee shall be accepted by such Mortgagor and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Mortgagee or remains unpaid by the Customer to the Mortgagee.

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

14.1 It is the intention of the parties hereto that the building or buildings erected or to be erected on the Mortgaged Premises form part of the security for the Principal Sum secured by this Mortgage; and that all advances are to be made in such manner at such times and in such amounts up to the full amount of the Principal Sum as the Mortgagee in its sole discretion may determine, and subject always to the provision to which the Mortgagor hereby agrees that notwithstanding the execution or registration of this Mortgage or the advancement of any part of the Loan, the Mortgagee is not bound to advance the Loan or any unadvanced portion thereof and the advance of the Loan and any part thereof from time to time shall be in the sole discretion of the Mortgagee, but nevertheless, this Mortgage hereby made shall take effect forthwith upon execution by the Mortgagor and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the Loan not being advanced, the same to be charged hereby upon the Mortgaged Premises and shall be without demand thereof, payable forthwith with interest at the Interest Rate and in default, the Mortgagee's power of sale hereby given and all other remedies hereunder shall be exercisable.

15.0 EXTENSIONS

15.1 PROVIDED that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor or any other dealing with the owner of the Mortgaged Premises, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the monies hereby secured.

16.0 GUARANTEE OF MORTGAGE

16.1 **IN CONSIDERATION** of the Mortgagee making loans, accommodations, advances or other extensions of credit to the Customer which are the basis for the Indebtedness, each Guarantor hereby agrees with the Mortgagee as follows:

(a) Each Guarantor hereby:

(i) guarantees the payment by the Mortgagor to the Mortgagee of all of the Principal Sum and other liabilities of the Mortgagor secured or payable under this Mortgage, present or future covenant, direct or indirect, absolute or contingent, matured or not, including, without limitation, principal, interest, taxes, fees and expenses as and when the same are due and payable under this Mortgage (the "Guaranteed Amounts"); and

(ii) covenants and agrees to perform all other covenants and obligations of the Mortgagor under this Mortgage as and when the same are required to be observed or performed under this Mortgage (the "Guaranteed Covenants");

in each case without any demand required to be made. The obligations of the Mortgagor to pay the Guaranteed Amounts and perform and observe the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations", and this guarantee is hereinafter referred to as the "Guarantee".

(b) If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to "the Guarantor" is to each and every such Guarantor.

(c) If any monies or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor, or any of them, on the footing of a guarantee for any reason whatever, such monies or amounts may be recovered from the Guarantor, or any of them, as a primary obligor and principal debtor in respect of such monies or amounts, regardless of whether such monies or amounts are recoverable from the Mortgagor or would be payable by the Mortgagor to the Mortgagee. For greater certainty, but without restricting the generality of the foregoing, if the Mortgagee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations, including, without limitation, the right of acceleration, the right to be paid interest at the Interest Rate in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Mortgagee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Mortgagor and the Mortgagee; provided, however, that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended and shall not be interpreted to confer on the Guarantor, or any of them, any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

(d) Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Mortgagee may:

(i) grant any time, indulgences, waivers or extensions of time for payment of any of the Guaranteed Obligations;

(ii) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage, and whether by express agreement signed by the Mortgagor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(iii) change the interest rate provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such interest rate is calculated or determined; change from a fixed rate to a variable or floating rate, or from a variable or floating rate to a fixed rate, or otherwise;

(iv) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of this Mortgage in any manner whatever;

(v) release or discharge from this Mortgage the whole or any part of the Mortgaged Premises or any other security for the Indebtedness;

(vi) advance additional principal amounts to the Customer pursuant to any provision of this Mortgage and/or a Loan Document that permits the Customer to borrow such additional principal amounts from the Mortgagee;

(vii) permit the Customer to prepay the Indebtedness, in whole or in part, or to skip any one or more scheduled instalments of payments of principal and interest, or to pay one or more such scheduled instalment on a scheduled payment date under a Loan Document that permits such prepayment, skipping or multiple payments or otherwise;

(viii) accept compositions, compromises or proposals from the Customer or otherwise deal with the Customer or any other person (including, without limitation, the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including, without limitation, this Mortgage) of the Mortgaged Premises or any security as the Mortgagee sees fit, including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the indebtedness;

(ix) release or discharge any Guarantor, or one or more other co-covenantors or guarantors or Mortgagors in respect of this Mortgage, whether under this Guarantee or otherwise; or

(x) release any subsequent legal or beneficial owner of the Mortgaged Premises from any liability for the Guaranteed Obligations, or any of them, or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under the Guarantee, regardless of whether any such action has the effect of amending or varying this Mortgage or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Mortgagor under this Mortgage as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if the interest rate provided in this Mortgage is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

(e) The obligations of the Guarantor hereunder shall be unaffected by:

(i) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Mortgagor, the Customer or any Guarantor or any other party;

(ii) any irregularity, defect, unenforceability or invalidity in respect of the indebtedness or this Mortgage or any indebtedness, liability or other obligation of the Mortgagor or any other party;

(iii) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

(iv) any judgment obtained against the Mortgagor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation any money on deposit and any guarantee) or any right or remedy, from or against the Mortgagor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect, any security (including without limitation any money on deposit or any guarantee) or any right or remedy;

(v) any change in the name, control, objects, business, assets, capital structure or constitution of the Mortgagor, the Customer or any Guarantor, or any merger or amalgamation of the Mortgagor, the Customer or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Mortgagor, the Customer or Guarantor was originally formed, or any change in the membership of the Mortgagor, the Customer or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Mortgagor", the "Customer", or the "Guarantor" in this Mortgage will be deemed to include each corporation and each partnership resulting from any of the foregoing;

(vi) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of this Mortgage or the Guarantee, or the Mortgagor, the Customer or any Guarantor;

(vii) any failure on the part of the Mortgagee to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Mortgagee with respect to this Mortgage, or any other security granted to the Mortgagee relating to this Mortgage or the indebtedness; and

(viii) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;.

It being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Mortgage shall be absolute and unconditional under any and all circumstances.

(f) Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Mortgagee in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Mortgagee, and the Guarantor shall not seek any reimbursement from the Mortgagor.

(g) The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Mortgage (whether such payment shall have been made by or on behalf of the Mortgagor or the Guarantor or any of them) is rescinded, or is reclaimed from the Mortgagee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Mortgagor, the Customer or the Guarantor or any of them, or for any other reason.

(h) The Mortgagee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Mortgagor, the Customer or any other party or any assets of the Mortgagor, the Customer or of any other party before being entitled to demand payment or performance by any Guarantor of its obligations under this Mortgage. Each Guarantor hereby waives all benefit of discussion and division.

(i) Any Guarantor may, by notice in writing delivered to the manager of the branch or agency of the Mortgagee receiving this instrument, terminate the Guarantor's liability under this Mortgage with effect from and after the date (the "Termination Date") that is 30 days following the date of such notice in respect of Guaranteed Obligations incurred or arising at any time on or after the Termination Date but not in respect of any Guaranteed Obligations incurred, arising or existing before the Termination Date, even though not then matured. Notwithstanding the foregoing, the Mortgagee may fulfil any requirements of the Mortgagor under this Mortgage or any indebtedness requested by the Mortgagor prior to the receipt of such notice, and any liabilities of the Mortgagor resulting from such fulfilment shall be added to the Guaranteed Obligations and shall be secured by this Mortgage. Termination of the liability of one or more of the Guarantors shall not affect the liability of any other Guarantor.

(j) Each Guarantor shall indemnify and save harmless the Mortgagee from and against all losses, damages, costs and expenses which the Mortgagee may sustain, incur or become liable for by reason of:

(i) the failure, for any reason whatever, of the Mortgagor to pay any amounts expressed to be payable pursuant to the provisions of this Mortgage, regardless of whether the Mortgagor's obligation to pay such amounts is valid or enforceable against the Mortgagor;

(ii) the failure, for any reason whatever, of the Mortgagor to perform any other obligation under this Mortgage; or

(iii) any act, action or proceeding of or by the Mortgagee for or in connection with the recovery of such amounts or the performance of such obligations.

(k) The Guarantee shall be operative and binding upon every Guarantor upon execution and delivery of this Mortgage by such Guarantor, regardless of whether it has been executed by any other proposed guarantor or guarantors.

17.0 CONDOMINIUMS

17.1 If this Mortgage charges one or more Condominium Units, the following provisions shall apply:

(a) The Mortgagor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Mortgagor by the Condominium Act, the declaration, the by-laws, and the rules, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the Condominium Unit(s). Any breach of the said duties and obligations shall constitute a breach of covenant under this Mortgage.

(b) Without limiting the generality of the foregoing, the Mortgagor covenants and agrees that he will pay promptly when due any contributions to common expenses required of him as an owner of the Condominium Unit(s) and in the event of his default in doing so the Mortgagee, at its option, may pay the same and the amount so paid shall be added to the debt secured by this Mortgage and shall be a charge on the Condominium Unit(s) and shall bear interest at the Interest Rate from the time of such payments and shall be payable forthwith by the Mortgagor to the Mortgagee whether or not any payment in default has priority to this Mortgage or any part of the monies secured thereby.

(c) The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee to exercise the right of the Mortgagor as an owner of the Condominium Unit(s) to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the said Condominium Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgagee

revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Mortgagee shall not by virtue of the assignment to the Mortgagee of the right to vote or consent be under any obligation to vote or consent to protect the interests of the Mortgagor.

(iii) The exercise of the right to vote or consent shall not constitute the Mortgagee a mortgagee in possession.

18.0 DISTRESS

18.1 PROVIDED that and it is further stipulated and agreed by and between the parties to this Mortgage that the Mortgagee, its successors or assigns, may distrain for arrears of interest against the Mortgaged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payment of taxes, if required, in the same manner as if the same were arrears of interest.

19.0 RIGHTS ON DEFAULT

19.1 The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Mortgagor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Mortgagee may, at such time or times as it may deem necessary and without the concurrence of any other person, enter upon the Mortgaged Premises and make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Mortgaged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee, and shall be a charge upon the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

19.2 PROVIDED also that in the event of default of payment of the Principal Sum with interest thereon and any other monies secured hereunder, or in the due performance of any provision in this Mortgage, the Mortgagee may, where legally permitted or required, enter on or lease or sell the Mortgaged Premises, but no power of sale shall be exercised until after four weeks' notice has been given. Any such sale may be a sale of the Mortgaged Premises as a whole or in separate parcels at public auction, by public tender or by private sale or partly in one manner and partly in another manner or manners, at such time and on such terms and conditions as the Mortgagee shall appoint, having first given such notice as it may think proper or as may be required by law, and upon such reasonable conditions as to upset or reserve, bid or price and as to terms of payment as it may deem proper. The Mortgagee may adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Mortgaged Premises good and sufficient deed or deeds for the same, the Mortgagee being hereby constituted the irrevocable attorney of the Mortgagor for the purpose of making such sale and executing such deeds and any such sale as aforesaid shall be a perpetual bar both at law and at equity against the Mortgagor and all persons claiming the Mortgaged Premises, by, from, through or under the Mortgagor; provided that the Mortgagee shall have the right exercisable and any time and from time to time to purchase all or any part of the Mortgaged Premises if the same are sold by public auction or by public tender.

20.0 OBLIGATIONS SURVIVE SALE

20.1 PROVIDED further that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the monies hereby secured.

21.0 NEW HOME WARRANTY PLAN ACT

21.1 If the Mortgagee incurs any cost or expense of any nature or kind, in any way arising from or relating to a new home warranty act or similar legislation and the regulations thereunder, including any amendments or replacements, or either of them (the "Act"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the Act or enrolling the Mortgaged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a mortgage on the Mortgaged Premises in priority to all other encumbrances registered or arising subsequent to this Mortgage and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee.

22.0 PARTIAL RELEASE

22.1 **PROVIDED** that the Mortgagee may at all times release any part or parts of the Mortgaged Premises or other security or any surety or guarantor for payment of all or any part of the Indebtedness hereby secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the Indebtedness, either with or without consideration therefore, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other party to this Mortgage, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release, the Mortgaged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the Principal Sum secured by this Mortgage.

23.0 RELEASE

23.1 The Mortgagee shall have a reasonable time after payment in full of the amounts secured by this Mortgage within which to prepare, execute and register, if required, a discharge or assignment of this Mortgage; provided that interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Mortgagee. All legal and other expenses for the preparation, execution and registration, as applicable, of such discharge or assignment and any other administrative fee of the Mortgagee in connection therewith shall be borne by the Mortgagor.

24.0 LIENS AND CONSTRUCTION

24.1 **PROVIDED** also that upon the registration of any lien against the Mortgaged Premises, or in the event of any buildings being erected thereon or allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the Principal Sum, together with interest at the Interest Rate, and all other amounts secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable. In the event any lien is registered against the Mortgaged Premises, the Mortgagee shall have the right, but not the obligation, to pay such amounts as may be required to vacate the lien. Any amount so paid by the Mortgagee, together with all costs, charges and expenses incurred by the Mortgagee in connection therewith, including all solicitors' charges or commissions, on a solicitor and its own client basis, shall be added to the Principal Sum secured by this Mortgage and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Mortgaged Premises prior to all claims thereon subsequent to this Mortgage, and shall be forthwith payable on demand.

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

25.1 It is agreed that in the event that at any time any provision of this Mortgage is illegal or invalid under, or inconsistent with, the provisions of any applicable statute or regulation thereunder or would, by reason of the provisions of any such statute or regulation, render the Mortgagee unable to collect the amount of any loss sustained by it as a result of providing the Indebtedness which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would render the Mortgagee unable to collect the amount of any such loss.

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

26.1 **PROVIDED** that no failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall prejudice such rights or any other rights of the Mortgagee; no performance or payment by the Mortgagor in respect of any breach or default hereunder of the Mortgagor shall relieve the Mortgagor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

27.0 MORTGAGEE'S EXPENSES

27.1 The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to this Mortgage, and to any and all documents required in connection therewith, and of any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable hereunder including, without limiting the generality of the foregoing, all solicitors' fees, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Mortgagee thereon and all costs and expenses valuing the Mortgaged Premises in connection with the foregoing. The Mortgagor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Interest Rate and shall be a charge on the Mortgaged Premises.

28.0 OTHER SECURITY

28.1 This Mortgage is in addition to, and not in substitution for, any other security held by the Mortgagee, including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Mortgagee for the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. Without limiting the generality of the foregoing, this Mortgage is in addition to, and not in substitution for, any other charges now or hereafter held by the Mortgagee over the Mortgaged Premises as security for monies advanced hereunder or any other monies due to the Mortgagee, and it is understood and agreed that the aggregate principal amount secured by this Mortgage and such other charges shall be the sum of the Principal Sum and all other monies secured hereunder and the respective principal amounts of such other charges.

29.0 HEADINGS

29.1 The headings of sections herein are inserted for convenience or reference only and shall not affect the construction or interpretation of this Mortgage.

30.0 INTERPRETATION

30.1 AND it is hereby agreed that where the context requires, words in the singular include the plural, and words importing the masculine gender include the feminine and neuter genders. All covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor shall be joint and several, and shall be binding upon the heirs, executors, administrators, successors and assigns of the Mortgagor, as the case may be.

30.2 This Mortgage is made in pursuance of any applicable enactments respecting short forms of indentures.

31.0 RECEIPT OF TRUE COPY

31.1 The Mortgagor (and the Guarantor, if applicable) acknowledges receipt of a copy of this Mortgage.

IN WITNESS WHEREOF the Mortgagor (and the Guarantor, if applicable) has properly executed this Mortgage the day and year first above written.

Sworn to by videoconference
from New Glasgow, NS (location of affiant)
to Queensland, NS (location of lawyer taking oath)
this 28 day of January, 2021

Christene H. Hirschfeld, Q.C.

3317427 NOVA SCOTIA LIMITED

Per: Alex Rice, President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3317427 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

Sworn to by videoconference from New Glasgow, NS *(location of affiant) to* Queensland, NS *(location of lawyer taking oath) this* 28 *day of January, 2021*

Christene H. Hirschfeld, Q.C.
A Barrister of the Supreme Court of
Nova Scotia

Alex K. Rice

PL# 146238.014/10472364

PARCEL DESCRIPTION REPORT

SCHEDULE "A"

2021-02-24 14:47:22

PID:	149807
CURRENT STATUS:	ACTIVE
EFFECTIVE DATE/TIME:	2007-02-19 10:54:47

Place Name: 2138 BRUNSWICK STREET HALIFAX
Municipality/County: HALIFAX REGIONAL MUNICIPALITY/HALIFAX COUNTY
Designation of Parcel on Plan: LOT 3
Title of Plan: PLAN OF SURVEY OF LOT DZ1,LOT 1B-1A,LOT 2&LOT 3 S/D OF LOT DZ LANDS CONVEYED TO 3075228 NOVA SCOTIA LTD LOT 1B-1 LANDS CONVEYED TO JAMES K.&MIA NISHI RANKIN LANDS CONVEYED TO JEFF&DOROTHEE ROSEN &LANDS CONVEYED TO DEBORAH L. PATTERSON&STEPHEN A.CURRY
Registration County: HALIFAX COUNTY
Registration Number of Plan: 87099876
Registration Date of Plan: 2007-01-25 10:22:47

BENEFIT:
TOGETHER WITH the free and uninterrupted use, liberty and privilege of a right-of-way of passage six (6) feet in breadth extending southerly from the southeast corner of the lands hereinbefore described and running westerly a distance of eighty (80) feet, together with free ingress, egress and regress to and for the said Grantee, her heirs and assigns, and her and their tenants, under-tenants, agents, servants and workmen, at all times and seasons forever thereafter, into, along, upon and out of the said right-of-way of passage in common with it, the Church of the Redeemer, its successors and assigns, and its and their tenants, under-tenants, agents, servants, and workmen; to have and to hold all and singular the privileges aforesaid to her, the said Grantee, her heirs and assigns, to her and their own proper use and behoof in common with it, the said Grantor, its successors and assigns, forever.

BURDENS:
1. SUBJECT TO an Easement in favour of civic number 2140 Brunswick Street (bearing in the year 2006), described more particularly in document 24025 recorded in book 3323 at page 868.
2. SUBJECT ALSO TO the covenants associated with the designation and registration as a Provincial Heritage Property, notice of which is recorded in book 5924 at page 340. 3. 3. SUBJECT ALSO to Notice of Recommendation to Register as a Municipal Heritage Property recorded as document 84419614.
4. SUBJECT ALSO to the terms and conditions contained in the Halifax Regional Municipality Land Use By-Law as detailed in Book 6238 at Page 888.
5. SUBJECT ALSO to the Restrictive Covenants relating to Building Height as detailed in the Deed in Book 7451 at Page 537.
6. SUBJECT ALSO to the terms and conditions contained in the Municipal Development Plan Amendment as detailed in Book 6238 at Page 881.

External Comments:

Description Change Details:

Reason:
Author of New or Changed Description:

Name:

Registered Instruments:

TAB S

E-FORM 760
(2000/03)

ASSIGNMENT OF RENTS

THIS INDENTURE made this 28th day of January, 2021

BETWEEN:

3317427 Nova Scotia Limited

hereinafter called the "Assignor"

OF THE FIRST PART,

and

ROYAL BANK OF CANADA

hereinafter called the "Assignee"
OF THE SECOND PART.

WHEREAS, by a Mortgage dated January 28, 2021 and registered in the Land Registry Office for the Land (Registry/Titles) Division of Halifax, as instrument No. 118077016 the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed which Mortgage secures payment of the sum of Eight Hundred Eighty Thousand Dollars ($880,000.00) and interest as therein mentioned and which Mortgage is hereinafter referred to as "the Mortgage". Whenever in this indenture reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof and any Mortgage taken in substitution therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee, its successors and assigns, the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from, leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto (the "Leases") now or hereafter entered into by the Assignor as landlord with tenants thereof (Lessees) and including without limitation the specific leases referred to in Schedule "B" hereto annexed, as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this Indenture contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS INDENTURE WITNESSETH that the Assignor in consideration of the premises, the making of the said Mortgage, and the sum of One ($1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases (including without limitation the specific leases referred to in Schedule "B" hereto annexed) and all benefits and advantages to be derived therefrom, to hold and receive the same unto the said Assignee, its successors and assigns.

2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months' of such rents being prepaid under such Leases, or variation, cancellation or surrender of any of the Leases, or of the terms, covenants, provisos or conditions thereof.

3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.

4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this Indenture herein contained in any or all of the following ways:

(a) in its own name;

(b) in the name of the Assignor, and

(c) in the names of both the Assignor and the Assignee jointly.

5. The Assignor agrees to assign any of the said Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of its security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases, (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises on the lands and premises described in Schedule "A" hereto or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the said Lessee to make such payments, and the payments of the said rentals to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an Arbitration Award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this Assignment of Rents upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the
Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this Assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this Indenture contained shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and that the Assignee shall not by virtue of these presents be deemed a mortgagee in possession of the lands and premises described in Schedule "A" hereto and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of these presents.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this Indenture shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

13. IT IS HEREBY DECLARED AND AGREED that these presents and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF the Assignor has hereunto affixed its corporate seal under the hands of its proper signing officers duly authorized in that behalf.

Sworn to
by videoconference
from New Glasgow, NS
(location of affiant)
to Queensland, NS
(location of lawyer taking oath)
this 28 *day of January, 2021*

Christene Hirschfeld, Q.C.

3317427 Nova Scotia Limited

Per: K Alex R

Name: Alex K. Rice
Title: President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3317427 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

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Christene H. Hirschfeld, Q.C.
A Barrister of the Supreme Court of
Nova Scotia

Alex K. Rice

PL# 146238.014/10472364

SCHEDULE "A"

See attached.

PARCEL DESCRIPTION REPORT

SCHEDULE "A"

2021-02-24 14:47:22

PID: 149807
CURRENT STATUS: ACTIVE
EFFECTIVE DATE/TIME: 2007-02-19 10:54:47

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Registration Date of Plan: 2007-01-25 10:22:47

BENEFIT:
TOGETHER WITH the free and uninterrupted use, liberty and privilege of a right-of-way of passage six (6) feet in breadth extending southerly from the southeast corner of the lands hereinbefore described and running westerly a distance of eighty (80) feet, together with free ingress, egress and regress to and for the said Grantee, her heirs and assigns, and her and their tenants, under-tenants, agents, servants and workmen, at all times and seasons forever thereafter, into, along, upon and out of the said right-of-way of passage in common with it, the Church of the Redeemer, its successors and assigns, and its and their tenants, under-tenants, agents, servants, and workmen; to have and to hold all and singular the privileges aforesaid to her, the said Grantee, her heirs and assigns, to her and their own proper use and behoof in common with it, the said Grantor, its successors and assigns, forever.

BURDENS:
1. SUBJECT TO an Easement in favour of civic number 2140 Brunswick Street (bearing in the year 2006), described more particularly in document 24025 recorded in book 3323 at page 868.
2. SUBJECT ALSO TO the covenants associated with the designation and registration as a Provincial Heritage Property, notice of which is recorded in book 5924 at page 340. 3. 3. SUBJECT ALSO to Notice of Recommendation to Register as a Municipal Heritage Property recorded as document 84419614.
4. SUBJECT ALSO to the terms and conditions contained in the Halifax Regional Municipality Land Use By-Law as detailed in Book 6238 at Page 888.
5. SUBJECT ALSO to the Restrictive Covenants relating to Building Height as detailed in the Deed in Book 7451 at Page 537.
6. SUBJECT ALSO to the terms and conditions contained in the Municipal Development Plan Amendment as detailed in Book 6238 at Page 881.

External Comments:

Description Change Details:

Reason:
Author of New or Changed Description:

Name:

Registered Instruments:

SCHEDULE "B"

All leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto.

Certified Statement of Registered and Recorded Interests

Parcel Identification Number (PID): 149807

*** Indicates interests inherited on subdivision or re-configuration of parcel**

Land Registration Date\Time: 2006-04-05 10:28:04

Date/Time of Issuance of Certified SRI: 2021-04-01 11:26:36

Date/Time of Last Parcel Register Update: 2021-03-24 10:24:28

Registration District: HALIFAX COUNTY

The Registrar certifies that this Statement of Registered and Recorded Interests contains a listing of all interests that have been registered or recorded in the register for the above noted parcel (PID #) pursuant to the *Land Registration Act*, S.N.S. 2001, c.6 as of the date and time noted.

This is to further certify that the parcel description contained in this Statement of Registered and Recorded Interests is a true copy of the description contained in the parcel register for the above-noted PID. The description has been certified to match the Property Identification Number for the parcel, pursuant to clause 37(4)(g) of the *Land Registration Act*, S.N.S. 2001, c.6. Neither the description of the parcel, nor the Provincial mapping is conclusive as to the location, boundaries or extent of the parcel [*Land Registration Act*, s.21].

PARCEL INFORMATION:

Civic Address and Lot Number:	2138 BRUNSWICK STREET HALIFAX LOT 3
Condominium Corp. Number:	
General Location of the Parcel:	HALIFAX
Parcel Access Type:	PUBLIC

REGISTERED OWNER'S INFORMATION:

Owner Name:	3317427 NOVA SCOTIA LIMITED	
Qualifier:		
Interest Type:	FEE SIMPLE	
Document Reference:	118077016	2021-02-25 14:03:07
Instrument Type:	DEED	
Address of Owner:	99 WYSE ROAD SUITE 600 POST OFFICE BOX 876 DARTMOUTH NS CA B2Y 3Z5	
Non-resident of Nova Scotia?	NO	

MANNER OF TENURE: NOT APPLICABLE
Description of Tenure:

BENEFITS TO THE REGISTERED INTERESTS:

*Indicates Parcel Register changes in process

Benefit Description:	TOGETHER WITH AN EASEMENT / RIGHT OF WAY	
Interest Type:	EASEMENT / RIGHT OF WAY HOLDER (BENEFIT)	
Document Reference:	24022 3323 - 859	1979-05-31 00:00:00
Instrument Type:	DEED	

Benefit Description:	149815	
Interest Type:	SERVIENT TENEMENT PID	
Document Reference:	24022 3323 - 859	1979-05-31 00:00:00
Instrument Type:	DEED	

BURDENS ON THE REGISTERED INTERESTS:

Interest Holder Name:	HALIFAX REGIONAL MUNICIPALITY	
Qualifier:		
Interest Type:	PARTY TO AGREEMENT (BURDEN)	
Document Reference:	90390635	2008-04-10 15:58:59
Instrument Type:	NOTICE (ALL OTHERS)	
Address of Interest Holder:	POST OFFICE BOX 1749 HALIFAX NS CA B3J 3A5	

Interest Holder Name:	HALIFAX REGIONAL MUNICIPALITY	
Qualifier:		
Interest Type:	PARTY TO AGREEMENT (BURDEN)	
Document Reference:	19535 6238 - 881	1998-06-30 00:00:00
Instrument Type:	AMENDMENT (NOT CONDOMINIUM)	
Address of Interest Holder:	HALIFAX NS CA	

Interest Holder Name:	HALIFAX REGIONAL MUNICIPALITY	
Qualifier:		
Interest Type:	PARTY TO AGREEMENT (BURDEN)	
Document Reference:	19536 6238 - 888	1998-06-30 00:00:00
Instrument Type:	AMENDMENT (NOT CONDOMINIUM)	
Address of Interest Holder:	HALIFAX NS CA	

*Indicates Parcel Register changes in process

Interest Holder Name:	SUBJECT TO RESTRICTIVE COVENANTS	
Qualifier:		
Interest Type:	COVENANT HOLDER (BURDEN)	
Document Reference:	36139	2003-08-20 00:00:00
	7451 - 537	
Instrument Type:	DEED	
Address of Interest Holder:	HALIFAX NS CA	

Interest Holder Name:	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NOVA SCOTIA	
Qualifier:		
Interest Type:	COVENANT HOLDER (BURDEN)	
Document Reference:	31834	1996-08-06 00:00:00
	5924 - 340	
Instrument Type:	DESIGNATION / REGISTRATION	
Address of Interest Holder:	WORLD TRADE AND CONVENTION CENTRE 1800 ARGYLE STREET FLOOR 6 HALIFAX NS CA B3J 2R5	

Interest Holder Name:	HALIFAX REGIONAL MUNICIPALITY	
Qualifier:		
Interest Type:	COVENANT HOLDER (BURDEN)	
Document Reference:	84419614	2006-02-23 12:02:15
Instrument Type:	DESIGNATION / REGISTRATION	
Address of Interest Holder:	POST OFFICE BOX 1749 HALIFAX NS CA B3J 3A5	

Interest Holder Name:	00149799	
Qualifier:		
Interest Type:	EASEMENT/ROW HOLDER (BURDEN) - DOMINANT PID	
Document Reference:	24025	1979-05-31 00:00:00
	3323 - 868	
Instrument Type:	AGREEMENT	
Address of Interest Holder:	UNKNOWN	

*Indicates Parcel Register changes in process

RECORDED INTERESTS AND INSTRUMENTS:

Interest Holder Name:	ROYAL BANK OF CANADA	
Qualifier:		
Interest Type:	ASSIGNEE	
Document Reference:	118088666	2021-02-26 14:23:41
Instrument Type:	ASSIGNMENT OF LEASES AND/OR RENTS	
Expiry Date:		
Address of Interest Holder:	7101 AVENUE PARC Etage 5TH MONTREAL QC CA H3N 1X9	

Interest Holder Name:	ROYAL BANK OF CANADA	
Qualifier:		
Interest Type:	MORTGAGEE	
Document Reference:	118077024	2021-02-25 14:03:46
Instrument Type:	MORTGAGE	
Expiry Date:		
Address of Interest Holder:	7101 AVENUE PARC Etage 5TH MONTREAL QC CA H3N 1X9	

NON-ENABLING INSTRUMENTS:

Document Reference:	87099876	2007-01-25 10:22:47
Instrument Type:	SUBDIVISION & AMALGAMATIONS	

PARCEL DESCRIPTION:

Place Name: 2138 BRUNSWICK STREET HALIFAX
Municipality/County: HALIFAX REGIONAL MUNICIPALITY/HALIFAX COUNTY
Designation of Parcel on Plan: LOT 3
Title of Plan: PLAN OF SURVEY OF LOT DZ1,LOT 1B-1A,LOT 2&LOT 3 S/D OF LOT DZ LANDS CONVEYED TO 3075228 NOVA SCOTIA LTD LOT 1B-1 LANDS CONVEYED TO JAMES K.&MIA NISHI RANKIN LANDS CONVEYED TO JEFF&DOROTHEE ROSEN &LANDS CONVEYED TO DEBORAH L. PATTERSON&STEPHEN A.CURRY
Registration County: HALIFAX COUNTY
Registration Number of Plan: 87099876
Registration Date of Plan: 2007-01-25 10:22:47

BENEFIT:
TOGETHER WITH the free and uninterrupted use, liberty and privilege of a right-of-way of passage six (6) feet in breadth extending southerly from the southeast corner of the lands hereinbefore described and running westerly a distance of eighty (80) feet, together with free ingress, egress and regress to and for the said Grantee, her heirs and assigns, and her and their tenants, under-tenants, agents, servants and workmen, at all times and seasons forever thereafter, into, along, upon and out of the said right-of-way of passage in common with it, the Church of the Redeemer, its successors and assigns, and its and their tenants, under-tenants, agents, servants, and workmen; to have and to hold

*Indicates Parcel Register changes in process

all and singular the privileges aforesaid to her, the said Grantee, her heirs and assigns, to her and their own proper use and behoof in common with it, the said Grantor, its successors and assigns, forever.

BURDENS:
1. SUBJECT TO an Easement in favour of civic number 2140 Brunswick Street (bearing in the year 2006), described more particularly in document 24025 recorded in book 3323 at page 868.
2. SUBJECT ALSO TO the covenants associated with the designation and registration as a Provincial Heritage Property, notice of which is recorded in book 5924 at page 340. 3. 3. SUBJECT ALSO to Notice of Recommendation to Register as a Municipal Heritage Property recorded as document 84419614.
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5. SUBJECT ALSO to the Restrictive Covenants relating to Building Height as detailed in the Deed in Book 7451 at Page 537.
6. SUBJECT ALSO to the terms and conditions contained in the Municipal Development Plan Amendment as detailed in Book 6238 at Page 881.

QUALIFICATION:

The names lists for Tenant in Common interest holders that are not registered pursuant to the *Land Registration Act* have been obtained from Property Online and have not been searched for completeness or accuracy. No representations or opinions are made with respect to these Tenants in Common. The list of Tenants in Common not registered pursuant to the *Land Registration Act* cannot be relied upon as advice on the current state of title of those interests in the subject parcel. A search of the records at the appropriate Registry of Deeds office is required to determine the current owner(s) of the Tenants in Common not registered pursuant to the *Land Registration Act.*

*Indicates Parcel Register changes in process

TAB T

2889

[Collateral Mortgage – Newfoundland, Nova Scotia and Prince Edward Island]

This Collateral Mortgage made this _____ day of April, 2020

BETWEEN:

3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

RECEIVED
MAY 01 2020
10:36:06 am

AND

ROYAL BANK OF CANADA

OF THE SECOND PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

(a) "Condominium Corporation" means the condominium corporation of which the Mortgagor is a member by virtue of ownership of the Mortgaged Premises;

(b) "Condominium Unit(s)" means the condominium unit(s) and common interests appurtenant thereto described in Schedule "A" annexed hereto;

(c) "Customer" means 3317427 Nova Scotia Limited who is a customer of the Mortgagee. If more than one person is named as a Customer, the term "Customer" means all and any one or more of them and the liabilities of the Customer (as hereinafter defined) means the liabilities of all or any one or more of them to the Mortgagee;

(d) "Guarantor" means the party or parties of the third part who has executed this Mortgage to guarantee the obligations of the Mortgagor pursuant to the provisions of Section 16 of this Mortgage;

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by the Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreement or dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of Three Hundred Forty-Five Thousand* Dollars ($ 345,000.00*) (the "Principal Sum"), together with interest from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

Interest at a rate equal to the Mortgagee's Prime Interest Rate per annum in effect from time to time plus Five per centum (5.00 %) per annum calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum. For the purpose hereof, the Prime Interest Rate is the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Mortgagee's Prime Interest Rate applicable at any time, or times, it is agreed that the certificate in writing of the Mortgagee setting forth the Mortgagee's Prime Interest Rate as at any time, or times, shall be conclusive evidence as to the Mortgagee's Prime Interest Rate as in the certificate set forth;

(g) "Loan" means any loan, facility or arrangement creating the Indebtedness;

(h) "Loan Document" means any agreement or instrument evidencing the Indebtedness;

(i) "Mortgagee" means _____;

(j) "Mortgaged Premises" means the lands described in Schedule "A"

annexed hereto, together with all easements, rights of way, tenements, hereditaments, rights, privileges and appurtenances now or hereafter belonging or appertaining to these lands, and together with, if applicable, all buildings, erections, structures and appurtenances, fixed or otherwise, now or hereafter put on these lands and includes a Condominium Unit(s), if applicable;

(k) "Mortgagor" means the party or parties of the first part.

2.0 RECITALS

2.1 The Mortgagee has requested from the Mortgagor security for the due payment of the Indebtedness.

2.2 The Mortgagor has agreed to execute this Mortgage for the purpose of securing to the Mortgagee payment of the Indebtedness.

3.0 CHARGE

3.1 In consideration of the sum of $1.00, the Mortgagor assigns, conveys and mortgages, as beneficial owner by way of a first fixed and specific charge to the Mortgagee the Mortgaged Premises TO HOLD the Mortgaged Premises unto the Mortgagee:

(a) as to leasehold lands, for all the residue yet to come and unexpired of the term granted by the lease of the same except the last day thereof which is excepted out of the Mortgaged Premises but in respect of which the Mortgagor shall stand possessed in trust for the Mortgagee for the purpose of this Mortgage; and

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

3.2 Provided that this Mortgage shall be void upon the Mortgagor paying upon demand to the Mortgagee the Principal Sum and all other amounts payable by the Mortgagor hereunder and upon the due performance of all covenants and conditions herein contained and on the part of the Mortgagor to be observed and performed, but shall otherwise remain in full force and effect.

4.0 COVENANTS

4.1 The Mortgagor covenants with the Mortgagee that:

(a) The Mortgagor will pay upon demand that portion of the Principal Sum then outstanding, together with interest thereon from the date of demand at the Interest Rate, and on default the Mortgagee may enter and have quiet enjoyment of the Mortgaged Premises;

(b) (i) The Mortgagor will pay all taxes, rates and assessments and show receipts on demand, or at the option of the Mortgagee, pay to the Mortgagee one-twelfth of the yearly taxes as estimated by the Mortgagee on the first day of each and every month during the term or continuance of this Mortgage and the Mortgagee shall apply such payments on account of the taxes so long as the Mortgagor shall not default under any covenant or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of the taxes more often than yearly; or prior to discount or interest dates; provided however that if the Mortgagor shall pay any sum or sums to the Mortgagee to apply on account of the taxes and if before the same shall have been so applied there shall be default by the Mortgagor in respect of any payment of the Indebtedness, the Mortgagee may at its option apply such sum or sums in or towards payment of the principal and/or interest in default; and in the event that the taxes actually levied for any one year together with any interest and penalties thereon exceed the estimated amount, the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency; and if the Mortgagor desires to take advantage of any discounts or avoid any penalty in connection with the payment of the taxes, the Mortgagor shall pay to the Mortgagee such additional amounts as are required and shall direct the Mortgagee to make such payments for that purpose; and the Mortgagor shall transmit to the Mortgagee forthwith after receiving them, tax bills and other notices affecting the imposition of taxes upon the Mortgaged Premises;

(ii) The Mortgagee shall allow the Mortgagor interest, at the rate prescribed by the Mortgagee on the minimum monthly balance outstanding in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less than once each year; and the Mortgagor shall be charged interest at the Interest Rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee until such debit balance is fully repaid.

(c) The Mortgagor has a good freehold/leasehold title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed, that the Mortgaged Premises are free from encumbrances, and that the Mortgagor will procure such further assurances as may reasonably be required.

(d) (i) The Mortgagor will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Mortgaged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Mortgaged Premises or the use thereof, in a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Mortgagee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee, and the Mortgagor will forthwith assign, transfer and deliver over unto the Mortgagee the policy or policies of insurance and receipts thereto appertaining; and if the Mortgagor shall neglect to

keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least fifteen days before the termination of any

insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Mortgagee shall pay any premiums or sums of money for insurance for the buildings on the Mortgaged Premises or any part thereof the amount of such payment shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Mortgagor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this Mortgage shall be sufficient authority for the said insurance company to pay any such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Mortgaged Premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part, in payment of this Mortgage debt or any part thereof whether due or not then due.

(ii) If the Mortgaged Premises are comprised of one or more Condominium Units, the insurance provisions set out in subparagraph (i) above will not apply and the following will apply to this Mortgage:

The Mortgagor or the Condominium Corporation or both of them will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, the Condominium Unit(s), both during erection and thereafter and all fixtures as herein defined or referred to and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Condominium Unit(s) or the use thereof, in a company or companies approved by the Mortgagee; and the Mortgagor or the Condominium Corporation, or both of them, will forthwith provide to the Mortgagee certificates of insurance and such other evidence of insurance as the Mortgagee may require, and if the Mortgagor or Condominium Corporation, or both of them, shall neglect to keep the Condominium Unit(s) insured as aforesaid, or to deliver such certificates or evidence of insurance to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obligated to insure the Condominium Unit(s); and the Mortgagor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies of insurance and, without limiting the generality of the obligation of the Mortgagor to observe and perform all the duties and obligations imposed on the Mortgagor by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, shall comply with the insurance provisions of the Declaration; and the Mortgagor as a member of

the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(e) The Mortgagor will keep the Mortgaged Premises in good condition and repair according to the nature and description thereof and if the Mortgaged Premises are not kept in good condition and repair or any act of waste is committed thereon by the Mortgagor or any person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor defaults the Mortgagee may enter and complete, repair or manage the Mortgaged Premises and recover all reasonable costs with interest at the Interest Rate as part of this Mortgage.

(f) The Mortgagor will not make or permit to be made any demolition, alterations or additions to the Mortgaged Premises without the consent of the Mortgagee, and will not use the Mortgaged Premises or permit them to be used without the consent of the Mortgagee for a purpose other than disclosed to the Mortgagee in the application for this Mortgage.

(g) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Mortgaged Premises to inspect the Mortgaged Premises, and the reasonable costs of such inspection shall be added to the Indebtedness secured by this Mortgage.

(h) The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Mortgaged Premises or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at the Mortgagor's own expense make any and all improvements thereon or alterations to the Mortgaged Premises, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

(i) In the event of default being made under any of the terms of this Mortgage, the Mortgagee shall be entitled to send an inspector or agent to inspect and report upon the value, state, and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the Mortgaged Premises at the Mortgagor's expense, and all expenses incurred in so doing, together with all costs and charges (including solicitor and client costs) which the Mortgagee may incur or pay in collecting or attempting to collect the Principal Sum and any other monies secured hereunder, or in enforcing or attempting to enforce any of the remedies and powers herein contained for the recovery of the Principal Sum and any other monies secured hereunder, whether the proceedings taken prove abortive or not, and in recovering or attempting to procure possession of and keeping possession of the Mortgaged Premises or any part thereof, shall form and be a charge upon the Mortgaged Premises, and shall be payable forthwith to the Mortgagee by the Mortgagor, and shall bear interest at the Interest Rate computed from the time of payment.

(j) In the event of the Mortgagor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Mortgaged Premises to a purchaser, grantee or transferee not approved by the Mortgagee, then at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(k) The Mortgagor will not, without the prior written consent of the Mortgagee, give any further mortgage or charge of the Mortgaged Premises while this Mortgage is still outstanding and undischarged and if the

Mortgagor should mortgage or charge the Mortgaged Premises in contravention of this paragraph then, at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(l) Any sum owing or required by this Mortgage to be paid by the Mortgagor to the Mortgagee shall be added to the Principal Sum and shall form a charge on the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

5.0 APPLICATION OF PAYMENTS

5.1 PROVIDED that, in the case of any default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.

6.0 ACTS OF DEFAULT

6.1 PROVIDED that in default of the payment of the Principal Sum and any other monies secured hereunder, or on breach of any covenant or proviso herein contained, or if waste be committed by the Mortgagor or any other person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor should make an assignment for the benefit of creditors, or a proposal under the *Bankruptcy and Insolvency Act*, or *Companies' Creditors*

Arrangement Act or have a bankruptcy petition presented against the Mortgagor, or if the Mortgagor should allow a creditor to enter judgment against the Mortgagor by reason of its financial inability to pay a debt or debts, the whole of the Principal Sum and any other monies secured hereunder remaining unpaid shall become payable, but the Mortgagee may waive its right to demand payment of the Principal Sum and any other monies secured hereunder and shall not be therefor debarred from subsequently asserting and exercising its right to call in the Principal Sum and any other monies secured hereunder by reason of such waiver or by reason of any future default, and the Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advancing of any part of the Loan, shall bind the Mortgagee to advance any further part of the Loan, but the advance of the Loan or any part thereof shall be in the sole discretion of the Mortgagee.

7.0 PRIOR ENCUMBRANCES

7.1 PROVIDED that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the Mortgaged Premises, having priority over this Mortgage, including any arrears of taxes or other rates on the Mortgaged Premises or any of them, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Mortgaged Premises and all solicitors' charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Mortgagor thereunder, as between solicitor and client, whether any action or other judicial proceeding to enforce such payment has been taken or not and the amounts so paid shall be added to the Indebtedness hereby secured and be a charge on the Mortgaged Premises and shall bear interest at the Interest Rate, and shall be forthwith payable by the Mortgagor to the Mortgagee and the non-payment of such amount shall entitle the Mortgagee to exercise the powers exercisable for breach of covenant hereinbefore contained. In the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

8.0 JUDGMENT

8.1 The taking of a judgment in respect of the Indebtedness or any instrument or instruments now or hereafter representing or evidencing the Indebtedness, or under any of the covenants herein, or in any such instrument contained or implied, shall not operate as a merger of the Indebtedness or such instrument, instruments or covenants, nor effect the Mortgagee's right to interest at the Interest Rate, nor affect nor prejudice any rights or remedies given to the Mortgagee by the terms hereof.

9.0 FIXTURES

9.1 All machinery and improvements, fixed or otherwise, and even though not attached to the Mortgaged Premises otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Mortgaged Premises as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns and all persons claiming by, through or under them and shall be security for the Indebtedness.

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

10.1 IT IS AGREED BY AND BETWEEN THE MORTGAGOR AND MORTGAGEE as follows:

(a) That no part of the Indebtedness existing at the date of this Mortgage, or incurred or arising thereafter, shall be deemed to be unsecured by this Mortgage.

(b) That this Mortgage is and shall be a continuing collateral security to the Mortgagee for the amount of the Indebtedness as herein provided and shall be deemed to be taken as security for the ultimate balance of the Indebtedness and this Mortgage shall not, nor shall anything herein contained operate so as to create any merger or discharge of any debt owing to the Mortgagee or any lien, bond, promissory note or bill of exchange or other security held by or which may hereinafter be held by the Mortgagee from the Mortgagor or from the Customer or from any other person or persons and this Mortgage shall not in any way prejudicially affect such security held of which may hereafter be held by the Mortgagee for the liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Mortgagee for or on account of the said liabilities or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Mortgage.

(c) That any and all payments made in respect of the Indebtedness and interest and the monies or other proceeds received from the sale of any securities held therefor, including this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the Indebtedness as the Mortgagee may see fit or may be held unappropriated in a separate collateral

account for such time as the Mortgagee may see fit.

(d) That the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Mortgagor, the Customer, the Guarantor and all other persons, securities and guarantees as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage.

11.0 CHANGE OF CORPORATE CONTROL

11.1 Where the Mortgagor is a corporation, the Mortgagor covenants and agrees in the event that:

(a) the Mortgagor fails to supply to the Mortgagee, in a form satisfactory to the Mortgagee, such information relating to the ownership of its shares as the Mortgagee may from time to time require, or

(b) without the written consent of the Mortgagee first had and obtained,

(i) the Mortgagor issues or redeems any of its shares or transfers any of its shares;

(ii) there is a sale or sales of shares of the Mortgagor which results in the transfer of the legal or beneficial interest of a majority of the shares of the Mortgagor; or

(iii) there is a change in the effective control of the majority of the voting shares of the Mortgagor.

The Principal Sum secured by this Mortgage together with all interest and other monies owing hereunder shall forthwith become due and payable at the option of the Mortgagee and the Mortgagee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

12.0 RECEIVERSHIP

12.1 Notwithstanding anything herein contained, it is declared and agreed that if at any time when there shall be default under the provisions of this Mortgage, the Mortgagee may, at such time and from time to time, and with or without entry into possession of the Mortgaged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Mortgagee or not, to be a receiver (which term, as used herein, includes a receiver manager) of the Mortgaged Premises, or any part thereof, and of the rents and profits appoint another receiver, and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any such receiver from time to time, the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Mortgaged Premises as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies, whether created before or after this Mortgage;

(ii) rent any portion of the Mortgaged Premises which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Premises left by the Mortgagor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(v) manage, operate, repair, alter or extend the Mortgaged Premises or any part thereof.

The Mortgagor undertakes to ratify and confirm whatever any such receiver may do in the Mortgaged Premises.

(b) The Mortgagee may, at its discretion, vest the receiver with all or any of the rights and powers of the Mortgagee.

(c) The Mortgagee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Mortgaged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Mortgagor and, in no event, the agent of the Mortgagee and the Mortgagee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Premises.

(f) No such receiver shall be liable to the Mortgagor to account for monies other than monies actually received by the receiver in respect of the Mortgaged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's power and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Mortgaged Premises in priority to this Mortgage, including taxes;

(iv) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee, in its discretion, shall determine, and

thereafter, every such receiver shall be accountable to the Mortgagor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Mortgagor on demand and shall be a charge on the Mortgaged Premises and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Mortgagor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Mortgagee may, at any time and from time to time, terminate any such receivership by notice in writing to the Mortgagor and to any such receiver.

(i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have.

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

13.1 In the event that any one or more of the Mortgagor is not also the Customer, each such Mortgagor which is not also the Customer (hereinafter in this section 13.1 called "such Mortgagor") jointly and severally covenants with the Mortgagee as follows:

(a) this Mortgage and the covenants, provisos, obligations and agreements on the part of the Mortgagor herein contained shall be the continuing obligations and liability of each such Mortgagor and shall cover all of the liabilities and obligations of the Mortgagor hereunder and shall apply to and shall secure the ultimate balance of the Principal Sum, together with all interest thereon, and any other monies secured hereunder;

(b) the Mortgagee shall not be bound to exhaust its recourse against the Customer or others or any securities (which term when used in this section 13.1 includes guarantees) it may at any time hold before being entitled to payment from each such Mortgagor of the Principal Sum, together with all interest thereon, and any other monies secured hereunder and each such Mortgagor renounces to all benefits of discussion and division;

(c) this Mortgage and the liabilities and obligations of each such Mortgagor hereunder shall not be affected by the death or loss or diminution of capacity of the Customer or of any such Mortgagor or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Customer, or by the Customer or the Customer's business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;

(d) this Mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Mortgagee and all dividends,

compositions, proceeds of security valued and payments received by the Mortgagee from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of any Mortgagor to claim in reduction of his liability under this Mortgage, the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Mortgagee or proceeds thereof, and none of such Mortgagors shall have the right to be subrogated in any rights of the Mortgagee until the Mortgagee shall have received payment in full of all indebtedness;

(e) all of the Principal Sum and any other monies secured hereunder or intended to be secured hereby shall be deemed to form part of the obligations, debts and liabilities of each such Mortgagor notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or suable entity, and notwithstanding any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or creditors, or in the taking or registering of this Mortgage or any other securities, the whole whether known to the Mortgagee or not; and all the Principal Sum and any other monies secured hereunder shall be recoverable from each such Mortgagor as sole or principal debtor in respect thereof and shall be paid to the Mortgagee on demand with interest and accessories; and

(f) each such Mortgagor shall be bound by any account settled between the Mortgagee and the Customer, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Mortgagee shall be accepted by such Mortgagor and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Mortgagee or remains unpaid by the Customer to the Mortgagee.

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

14.1 It is the intention of the parties hereto that the building or buildings erected or to be erected on the Mortgaged Premises form part of the security for the Principal Sum secured by this Mortgage; and that all advances are to be made in such manner at such times and in such amounts up to the full amount of the Principal Sum as the Mortgagee in its sole discretion may determine, and subject always to the provision to which the Mortgagor hereby agrees that notwithstanding the execution or registration of this Mortgage or the advancement of any part of the Loan, the Mortgagee is not bound to advance the Loan or any unadvanced portion thereof and the advance of the Loan and any part thereof from time to time shall be in the sole discretion of the Mortgagee, but nevertheless, this Mortgage hereby made shall take

effect forthwith upon execution by the Mortgagor and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the Loan not being advanced, the same to be charged hereby upon the Mortgaged Premises and shall be without demand thereof, payable forthwith with interest at the Interest Rate and in default, the Mortgagee's power of sale hereby given and all other remedies hereunder shall be exercisable.

15.0 EXTENSIONS

15.1 PROVIDED that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor or any other dealing with the owner of the Mortgaged Premises, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the monies hereby secured.

16.0 GUARANTEE OF MORTGAGE

16.1 IN CONSIDERATION of the Mortgagee making loans, accommodations, advances or other extensions of credit to the Customer which are the basis for the indebtedness, each Guarantor hereby agrees with the Mortgagee as follows:

(a) Each Guarantor hereby:

(i) guarantees the payment by the Mortgagor to the Mortgagee of all of the Principal Sum and other liabilities of the Mortgagor secured or payable under this Mortgage, present or future covenant, direct or indirect, absolute or contingent, matured or not, including, without limitation, principal, interest, taxes, fees and expenses as and when the same are due and payable under this Mortgage (the "Guaranteed Amounts"); and

(ii) covenants and agrees to perform all other covenants and obligations of the Mortgagor under this Mortgage as and when the same are required to be observed or performed under this Mortgage (the "Guaranteed Covenants");

In each case without any demand required to be made. The obligations of the Mortgagor to pay the Guaranteed Amounts and perform and observe

the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations", and this guarantee is hereinafter referred to as the "guarantee".

(b) If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to "the Guarantor" is to each and every such Guarantor.

(c) If any monies or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor, or any of them, on the footing of a guarantee for any reason whatever, such monies or amounts may be recovered from the Guarantor, or any of them, as a primary obligor and principal debtor in respect of such monies or amounts, regardless of whether such monies or amounts are recoverable from the Mortgagor or would be payable by the Mortgagor to the Mortgagee. For greater certainty, but without restricting the generality of the foregoing, if the Mortgagee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations, including, without limitation, the right of acceleration, the right to be paid interest at the Interest Rate in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Mortgagee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Mortgagor and the Mortgagee; provided, however, that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended and shall not be interpreted to confer on the Guarantor, or any of them, any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

(d) Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Mortgagee may:

(i) grant any time, indulgences, waivers or extensions of time for payment of any of the Guaranteed Obligations;

(ii) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage, and whether by express agreement signed by the Mortgagor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(iii) change the interest rate provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such interest rate is calculated or determined; change from a fixed rate to a variable or floating rate, or from a variable or floating rate to a fixed rate, or otherwise;

(iv) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of this Mortgage in any manner whatever;

(v) release or discharge from this Mortgage the whole or any part of the Mortgaged Premises or any other security for the Indebtedness;

(vi) advance additional principal amounts to the Customer pursuant to any provision of this Mortgage and/or a Loan Document that permits the Customer to borrow such additional principal amounts from the Mortgagee;

(vii) permit the Customer to prepay the Indebtedness, in whole or in part, or to skip any one or more scheduled instalments of payments of principal and interest, or to pay one or more such scheduled instalment on a scheduled payment date under a Loan Document that permits such prepayment, skipping or multiple payments or otherwise;

(viii) accept compositions, compromises or proposals from the Customer or otherwise deal with the Customer or any other person (including, without limitation, the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including, without limitation, this Mortgage) or the Mortgaged Premises or any security as the Mortgagee sees fit, including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Indebtedness;

(ix) release or discharge any Guarantor, or one or more other co-covenantors or guarantors or Mortgagors in respect of this Mortgage, whether under this Guarantee or otherwise; or

(x) release any subsequent legal or beneficial owner of the Mortgaged Premises from any liability for the Guaranteed Obligations, or any of them, or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under the Guarantee, regardless of whether any such action has the effect of amending or varying this Mortgage or

increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Mortgagor under this Mortgage as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if the interest rate provided in this Mortgage is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

(e) The obligations of the Guarantor hereunder shall be unaffected by:

(i) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Mortgagor, the Customer or any Guarantor or any other party;

(ii) any irregularity, defect, unenforceability or invalidity in respect of the indebtedness or this Mortgage or any indebtedness, liability or other obligation of the Mortgagor or any other party;

(iii) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

(iv) any judgment obtained against the Mortgagor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation any money on deposit and any guarantee) or any right or remedy, from or against the Mortgagor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect, any security (including without limitation any money on deposit or any guarantee) or any right or remedy;

(v) any change in the name, control, objects, business, assets, capital structure or constitution of the Mortgagor, the Customer or any Guarantor, or any merger or amalgamation of the Mortgagor, the Customer or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Mortgagor, the Customer or Guarantor was originally formed, or any change in the membership of the Mortgagor, the Customer or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Mortgagor", the "Customer", or the "Guarantor" in this Mortgage will be deemed to include each corporation and each partnership resulting from any of the foregoing;

(vi) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of this Mortgage or the Guarantee, or the Mortgagor, the Customer or any Guarantor;

(vii) any failure on the part of the Mortgagee to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Mortgagee with respect to this Mortgage, or any other security granted to the Mortgagee relating to this Mortgage or the indebtedness; and

(viii) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;

it being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Mortgage shall be absolute and unconditional under any and all circumstances.

(f) Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Mortgagee in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Mortgagee, and the Guarantor shall not seek any reimbursement from the Mortgagor.

(g) The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Mortgage (whether such payment shall have been made by or on behalf of the Mortgagor or the Guarantor or any of them) is rescinded, or is reclaimed from the Mortgagee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Mortgagor, the Customer or the Guarantor or any of them, or for any other reason.

(h) The Mortgagee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Mortgagor, the Customer or any other party or any assets of the Mortgagor, the Customer or of any other party before being entitled to demand payment or performance by any Guarantor of its obligations under this Mortgage. Each Guarantor hereby waives all benefit of discussion and division.

(i) Any Guarantor may, by notice in writing delivered to the manager of the branch or agency of the Mortgagee receiving this instrument, terminate the Guarantor's liability under this Mortgage with effect from and after the date (the "Termination Date") that is 30 days following the date of such notice in respect of Guaranteed Obligations incurred or arising at any time on or after the Termination Date but not in respect of any Guaranteed Obligations incurred, arising or existing before the Termination Date, even though not then matured. Notwithstanding the foregoing, the Mortgagee may fulfil any requirements of the Mortgagor under this Mortgage or any indebtedness requested by the Mortgagor prior to the receipt of such notice, and any liabilities of the Mortgagor resulting from such fulfilment shall be added to the Guaranteed Obligations and shall be secured by this Mortgage. Termination of the liability of one or more of the Guarantors shall not affect the liability of any other Guarantor.

(j) Each Guarantor shall indemnify and save harmless the Mortgagee from and against all losses, damages, costs and expenses which the Mortgagee may sustain, incur or become liable for by reason of:

(i) the failure, for any reason whatever, of the Mortgagor to pay any amounts expressed to be payable pursuant to the provisions of this Mortgage, regardless of whether the Mortgagor's obligation to pay such amounts is valid or enforceable against the Mortgagor;

(ii) the failure, for any reason whatever, of the Mortgagor to perform any other obligation under this Mortgage; or

(iii) any act, action or proceeding of or by the Mortgagee for or in connection with the recovery of such amounts or the performance of such obligations.

(k) The Guarantee shall be operative and binding upon every Guarantor upon execution and delivery of this Mortgage by such Guarantor, regardless of whether it has been executed by any other proposed guarantor or guarantors.

17.0 CONDOMINIUMS

17.1 If this Mortgage charges one or more Condominium Units, the following provisions shall apply:

(a) The Mortgagor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Mortgagor by the Condominium Act, the declaration, the by-laws, and the rules, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the Condominium Unit(s). Any breach of the said duties and obligations shall constitute a breach of covenant under this Mortgage.

(b) Without limiting the generality of the foregoing, the Mortgagor covenants and agrees that he will pay promptly when due any contributions to common expenses required of him as an owner of the Condominium Unit(s) and in the event of his default in doing so the Mortgagee, at its option, may pay the same and the amount so paid shall be added to the debt secured by this Mortgage and shall be a charge on the Condominium Unit(s) and shall beer interest at the Interest Rate from the time of such payments and shall be payable forthwith by the Mortgagor to the Mortgagee whether or not any payment in default has priority to this Mortgage or any part of the monies secured thereby.

(c) The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee to exercise the right of the Mortgagor as an owner of the Condominium Unit(s) to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the said Condominium Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgage revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Mortgagee shall not by virtue of the assignment to the Mortgagee of the right to vote or consent be under any obligation to vote or consent to protect the interests of the Mortgagor.

(iii) The exercise of the right to vote or consent shall not constitute the Mortgagee a mortgagee in possession.

18.0 DISTRESS

18.1 PROVIDED that and it is further stipulated and agreed by and between the parties to this Mortgage that the Mortgagee, its successors or assigns, may distrain for arrears of interest against the Mortgaged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payment of taxes, if required, in the same manner as if the same were arrears of

interest.

19.0 RIGHTS ON DEFAULT

19.1 The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Mortgagor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Mortgagee may, at such time or times as it may deem necessary and without the concurrence of any other person, enter upon the Mortgaged Premises and make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Mortgaged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee, and shall be a charge upon the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

19.2 PROVIDED also that in the event of default of payment of the Principal Sum with interest thereon and any other monies secured hereunder, or in the due performance of any provision in this Mortgage, the Mortgagee may, where legally permitted or required, enter on or lease or sell the Mortgaged Premises, but no power of sale shall be exercised until after four weeks' notice has been given. Any such sale may be a sale of the Mortgaged Premises as a whole or in separate parcels at public auction, by public

tender or by private sale or partly in one manner and partly in another manner or manners, at such time and on such terms and conditions as the Mortgagee shall appoint, having first given such notice as it may think proper or as may be required by law, and upon such reasonable conditions as to upset or reserve, bid or price and as to terms of payment as it may deem proper. The Mortgagee may adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Mortgaged Premises good and sufficient deed or deeds for the same, the Mortgagee being hereby constituted the irrevocable attorney of the Mortgagor for the purpose of making such sale and executing such deeds and any such sale as aforesaid shall be a perpetual bar both at law and at equity against the Mortgagor and all persons claiming the Mortgaged Premises, by, from, through or under the Mortgagor; provided that the Mortgagee shall have the right exercisable and any time and from time to time to purchase all or any part of the Mortgaged Premises if the same are sold by public auction or by public tender.

20.0 OBLIGATIONS SURVIVE SALE

20.1 PROVIDED further that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the monies hereby secured.

21.0 NEW HOME WARRANTY PLAN ACT

21.1 If the Mortgagee incurs any cost or expense of any nature or kind, in any way arising from or relating to a new home warranty act or similar legislation and the regulations thereunder, including any amendments or replacements, or either of them (the "Act"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the Act or enrolling the Mortgaged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a mortgage on the Mortgaged Premises in priority to all other encumbrances registered or arising subsequent to this Mortgage and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee.

22.0 PARTIAL RELEASE

22.1 PROVIDED that the Mortgagee may at all times release any part or parts of the Mortgaged Premises or other security or any surety or guarantor for payment of all or any part of the indebtedness hereby secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the indebtedness, either with or without consideration therefore, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other party to this Mortgage, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release, the Mortgaged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the Principal Sum secured by this Mortgage.

23.0 LIENS AND CONSTRUCTION

23.1 PROVIDED also that upon the registration of any lien against the Mortgaged

Premises, or in the event of any buildings being erected thereon or allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the Principal Sum, together with interest at the Interest Rate, and all other amounts secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable. In the event any lien is registered against the Mortgaged Premises, the Mortgagee shall have the right, but not the obligation, to pay such amounts as may be required to vacate the lien. Any amount so paid by the Mortgagee, together with all costs, charges and expenses incurred by the Mortgagee in connection therewith, including all solicitors'-charges or commissions, on a solicitor and its own client basis, shall be added to the Principal Sum secured by this Mortgage and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Mortgaged Premises prior to all claims thereon subsequent to this Mortgage, and shall be forthwith payable on demand.

24.0 SEVERABILITY OF ANY INVALID PROVISIONS

24.1 It is agreed that in the event that at any time any provision of this Mortgage is illegal or invalid under, or inconsistent with, the provisions of any applicable statute or regulation thereunder or would, by reason of the provisions of any such statute or regulation, render the Mortgagee unable to collect the amount of any loss sustained by it as a result of providing the Indebtedness which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would render the Mortgagee unable to collect the amount of any such loss.

25.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

25.1 PROVIDED that no failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall prejudice such rights or any other rights of the Mortgagee; no performance or payment by the Mortgagor in respect of any breach or default hereunder of the Mortgagor shall relieve the Mortgagor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

26.0 MORTGAGEE'S EXPENSES

26.1 The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to this Mortgage, and to any and all documents required in connection therewith, and of any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable hereunder including, without limiting the generality of the foregoing, all solicitors' fees, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Mortgagee thereon and all costs and expenses valuing the Mortgaged Premises in connection with the foregoing. The Mortgagor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Interest Rate and shall be a charge on the Mortgaged Premises.

27.0 OTHER SECURITY

27.1 This Mortgage is in addition to, and not in substitution for, any other security held by the Mortgagee, including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Mortgagee for the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. Without limiting the generality of the foregoing, this Mortgage is in addition to, and not in substitution for, any other charges now or hereafter held by the Mortgagee over the Mortgaged Premises as security for monies advanced hereunder or any other monies due to the Mortgagee, and it is understood and agreed that the aggregate principal amount secured by this Mortgage and such other charges shall be the sum of the Principal Sum and all other monies secured hereunder and the respective principal amounts of such other charges.

28.0 HEADINGS

28.1 The headings of sections herein are inserted for convenience or reference only and shall not affect the construction or interpretation of this Mortgage.

29.0 INTERPRETATION

29.1 AND it is hereby agreed that where the context requires, words in the singular include the plural, and words importing the masculine gender include the feminine and neuter genders. All covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor shall be joint and several, and shall be binding upon the heirs, executors, administrators, successors and assigns of the Mortgagor, as the case may be.

29.2 This Mortgage is made in pursuance of any applicable enactments respecting short forms of indentures.

30.0 RECEIPT OF TRUE COPY

30.1 The Mortgagor (and the Guarantor, if applicable) acknowledges receipt of a copy of this Mortgage.

IN WITNESS WHEREOF the Mortgagor (and the Guarantor, if applicable) has properly executed this Mortgage the day and year first above written.

SIGNED, SEALED AND DELIVERED)
in the presence of)

B. CRAIG CLARKE

AFFIDAVIT FOR CORPORATION

CANADA
PROVINCE OF PRINCE EDWARD ISLAND
COUNTY OF QUEENS

I, Alex K. Rice, of Charlottetown in the Province of Prince Edward Island

MAKE OATH AND SAY:

1. That I, Alex K. Rice, am the President of 3317427 Nova Scotia Limited named in the within Indenture and as such, have personal knowledge of the facts herein deposed.

2. That the Corporate Seal affixed to the within Indenture is the Corporate Seal of the said 3317427 Nova Scotia Limited, and was thereto affixed by order of the Board of Directors of the said Company to and for the uses and purposes therein expressed and contained.

3. That the name "Alex K. Rice" subscribed to the within Indenture is the signature of me, the said President, and I am duly authorized by the Board of Directors of the said Company to sign all the documents in relation to the sale of the property.

4. That the property which it is disposing of or encumbering, being more particularly described in the Schedule "A" hereto annexed, has never been occupied by the Corporation or by any of its officers, agents, employees or shareholders or members as a family home, or designated as such, within the meaning of the *Family Law Act*, R.S.P.E.I. 1995 and amendments thereto.

SWORN TO at Stellarton,
Province of Nova Scotia,
this 28 day of April, 2020

A NOTARY PUBLIC IN AND FOR
THE PROVINCE OF NOVA SCOTIA

B. CRAIG CLARKE
Barrister of the Supreme
Court of Nova Scotia

K Alex R

Alex K. Rice

SCHEDULE "A"

Unit 3, Level 2, 3, 4, and 5, as shown on "Plan of Survey showing the Why Condominium WHY Development Inc. Sheets 4 to 7 inclusive, 252 Prince Street, Charlottetown, Queens County, Prince Edward Island" prepared by Morris Land and Engineering Surveys Inc., as Drawing No. 70-063-CPF, and certified by David R.J. Morris, on December 18, 2007 and approved for registration by Serge J. Bernard, Chief Surveyor for the Province of Prince Edward Island on December 19, 2007 and filed with the Office of the Registrar of Deed for Queens County on December 20, 2007 as "Queens Condominium Plan No. 14", Document No. 11007, and as revised and registered in the Office of the Registrar of Deeds for Queens County on February 19, 2010 as Document Number 1321, and its appurtenant common interest.

TOGETHER with the exclusive use of Parking Space P3 and Storage Space S3 as shown on "Plan of Survey showing The WHY Condominium WHY Development Inc., Level A, Common Elements (Storage Areas and Parking Garage), sheet 3 of 9, 252 Prince Street, Charlottetown, Queens County, Prince Edward Island", prepared by Morris Land and Engineering Surveys Inc. as drawing number 07-063-CPF, and certified by David R.J. Moths, on December 18, 2007 and approved for registration by Serge J. Bernard, Chief Surveyor for the Province of Prince Edward Island on December 19, 2007 and filed in the Office of the Registrar of Deeds for Queens County on December 20, 2007 as Document Number 11007 as "Queens Condominium Plan No. 14", Document No. 11007, and as revised and registered in the Office of the Registrar of Deeds for Queens County on February 19, 2010 as Document Number 1321.

TOGETHER with the exclusive use of EC-3 and EC-3A Terrace as shown on "Plan of Survey showing The WHY Condominium WHY Development Inc., Level 5, Unit 1, 2, 3, 8 and 9 Roof Access, Unit 11, EC-1, EC-2, EC-3, 3C-8, and EC-9, sheet 7 of 9, 252 Prince Street, Charlottetown, Queens County, Prince Edward Island", prepared by Morris Land and Engineering Surveys Inc., as Drawing No. 07-063-CPF, and certified by David R.J. Moths, on December 18, 2007 and approved for registration by Serge J. Bernard, Chief Surveyor for the Province of Prince Edward Island on December 19, 2007 and filed with the Office of the Registrar of Deed for Queens County on December 20, 2007 as "Queens Condominium Plan No. 14", Document No. 11007, and as revised and registered in the Office of the Registrar of Deeds for Queens County on February 19, 2010 as Document Number 1321.

CANADA

PROVINCE OF NOVA SCOTIA

I, Craig Clarke of Stellarton, in the Province of Nova Scotia, a Notary Public by lawful authority, duly authorized, commissioned and sworn, DO HEREBY CERTIFY that on the 28 day of April, 2020 personally appeared before me, Alex K. Rice, of Stellarton, in the Province of Nova Scotia, known to me to be the party named in and executing the annexed Collateral Mortgage or writing, and acknowledged that they did freely and voluntarily execute the annexed Collateral Mortgage or writing to and for the uses and purposes therein named.

AND I FURTHER CERTIFY that the signature of Alex K. Rice subscribed to the said Collateral Mortgage is in the true and proper handwriting of the said Alex K. Rice.

AND I FURTHER CERTIFY that I am a subscribing witness to the execution of the said document by Alex K. Rice and the name Craig Clarke is in my own true and proper handwriting, and that I am a Notary Public in and for the Province of Nova Scotia.

IN FAITH AND TESTIMONY WHEREOF I have to this Notarial Certificate subscribed my name and affixed my Notarial Seal at Halifax, in the Province of Nova Scotia on the day and year first above written.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF NOVA SCOTIA

(impress notarial seal)

B. CRAIG CLARKE
A Barrister of the Supreme
Court of Nova Scotia

Dated the 28 day of April, 2020

BETWEEN:

3317427 Nova Scotia Limited

AND:

Royal Bank of Canada

****

COLLATERAL MORTGAGE

****

Search: April 9, 2020
Subsearch: _____

Checked by: _____
Date: _____

COX & PALMER
Barristers & Solicitors
97 Queen Street, Suite 600
Charlottetown, P.E.I. C1A 4A9

Per: Jordan Brown
File No. 46490-1

Office of the Registrar of Deeds

For Queens County, Charlottetown, P.E. Island

Book 5819

Doc # 2889

The within document was registered on

The 1st Day of May A.D., 2020 on

NOTARIAL CERTIFICATE

ASST REGISTRAR

TAB U

Grant Thornton

Financial Statements

3284906 Nova Scotia Limited
Operating as "Nova Scotia Spirit Co."

June 30, 2022

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Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

Independent Practitioner's Review Engagement Report

To the shareholder of
3284906 Nova Scotia Limited

We have reviewed the accompanying financial statements of 3284906 Nova Scotia Limited that comprise the balance sheet as at June 30, 2022, and the statements of income and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

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Independent Practitioner's Review Engagement Report (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of 3284906 Nova Scotia Limited as at June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Grant Thornton LLP

New Glasgow, Canada
July 11, 2023

Chartered Professional Accountants

3284906 Nova Scotia Limited
Statements of Income and Retained Earnings

Year ended June 30	2022	%	2021	%
Sales	**$ 11,293,031**		$ 11,363,539	
Cost of sales (Schedule 1)	**6,765,286**	*59.91*	7,499,721	*66.00*
Gross profit	**4,527,745**	*40.09*	3,863,818	*34.00*
Expenses (Schedule 2)	**4,614,013**	*40.86*	4,029,945	*35.46*
Loss before other income and income taxes (recovery)	**(86,268)**		(166,127)	
Other income				
Gain on sale of property, plant and equipment	**-**		21,749	
Rental	**108,000**		-	
Grants and subsidies	**39,708**		352,904	
	147,708		374,653	
Income before income taxes (recovery)	**61,440**		208,526	
Income taxes (recovery) (Note 4)	**4,533**		(249,933)	
Net income	**$ 56,907**		$ 458,459	
Retained earnings, beginning of year	**$ 2,994,330**		$ 2,775,871	
Net income	**56,907**		458,459	
Dividends paid	**-**		(240,000)	
Retained earnings, end of year	**$ 3,051,237**		$ 2,994,330	

See accompanying notes and schedules to the financial statements.

3284906 Nova Scotia Limited
Balance Sheet

June 30

	2022	2021
Assets		
Current		
Accounts receivable (Note 4)	$ **1,015,222**	$ 2,287,460
Inventory (Note 6)	**2,808,822**	3,033,297
Prepaid expenses	**45,026**	224,625
Due from shareholders, non interest bearing, no set terms of repayment, unsecured	**72,936**	15,206
Due from related parties (Note 7)	**1,711,009**	573,870
	5,653,015	6,134,458
Property, plant and equipment (Note 8)	**4,608,945**	5,234,581
Investment tax credits	**134,335**	133,326
	$ **10,396,295**	$ 11,502,365
Liabilities		
Current		
Bank indebtedness (Note 9)	$ **1,188,166**	$ 1,726,290
Payables and accruals (Note 10)	**1,636,720**	2,091,877
Due to related parties (Note 7)	**302,170**	450,805
Current portion of long-term debt (Note 12)	**96,829**	134,720
Current portion of callable debt (Note 11)	**498,735**	587,808
	3,722,620	4,991,500
Callable debt (Note 11)	**2,626,633**	2,717,201
	6,349,253	7,708,701
Long-term debt (Note 12)	**995,803**	799,332
	7,345,056	8,508,033
Shareholder's equity		
Share capital (Note 13)	**2**	2
Retained earnings	**3,051,237**	2,994,330
	3,051,239	2,994,332
	$ **10,396,295**	$ 11,502,365

Contingencies (Note 14)
Guarantees (Note 15)

On behalf of the board

_____ Director _____ Director

See accompanying notes and schedules to the financial statements.

3284906 Nova Scotia Limited
Statement of Cash Flows

Year ended June 30

	2022	2021
Increase (decrease) in (bank indebtedness) cash		
Operating		
Net income	**$ 56,907**	$ 458,459
Items not affecting cash		
Amortization	**908,725**	769,301
Gain on sale of property, plant and equipment	**-**	(21,749)
	965,632	1,206,011
Change in non-cash working capital items		
Accounts receivable	**1,272,238**	(892,807)
Inventory	**224,475**	(1,684,296)
Prepaid expenses	**179,599**	(35,063)
Payables and accruals	**(455,157)**	(337,619)
Income taxes	**-**	(289,419)
	2,186,787	(2,033,193)
Financing		
Repayment of callable debt	**(521,132)**	(385,986)
Proceeds of callable debt	**341,491**	2,415,534
Repayment of long-term debt	**(104,496)**	(170,930)
Proceeds of long-term debt	**263,076**	175,299
Dividends paid	**-**	(240,000)
	(21,061)	1,793,917
Investing		
Advances to shareholders	**(57,730)**	(13,189)
Advances from (to) related parties	**(1,285,774)**	(136,765)
Purchase of property, plant and equipment, net of investment tax credits	**(333,089)**	(2,117,019)
Proceeds on disposal of property, plant and equipment	**50,000**	246,362
Investment tax credits earned	**(1,009)**	(195,362)
	(1,627,602)	(2,215,973)
Increase (decrease) in cash (bank indebtedness)	**538,124**	(2,455,249)
(Bank indebtedness) cash		
Beginning of year	**(1,726,290)**	728,959
End of year	**$ (1,188,166)**	$ (1,726,290)

See accompanying notes and schedules to the financial statements.

1. Nature of operations

3284906 Nova Scotia Limited was incorporated under the Business Corporations Act of Nova Scotia on November 26, 2014. The Company is primarily engaged in the production and distribution of alcoholic beverages.

2. Change in accounting policy

Related party financial instruments

The Company adopted the amendments to Financial Instruments, Section 3856. The change affects how the entity accounts for financial instruments originated or exchanged in a related party transaction.

Initial Measurement
Under the new requirements, a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms. If the instrument does have repayment terms, cost is determined using the instrument's undiscounted cash flows, excluding interest and dividend payments, less any impairment losses. Otherwise, the cost of the instrument is determined using the consideration transferred or received by the Company.

Subsequent Measurement
Subsequent measurement is based on how the financial instrument is initially measured. A related party financial instrument initially measured at cost is subsequently measured at cost less any reduction for impairment or at fair value.

Transitional Provisions
These changes have been adopted retrospectively with the following transitional provisions:

- The cost of an instrument that has repayment terms is determined using its undiscounted cash flows excluding interest and dividend payment less any impairment;
- The cost of an instrument that does not have repayment terms is deemed to be its carrying amount, less any impairment provisions.

The adoption of the new requirements has no impact on the Company's financial statements.

3. Significant accounting policies

Basis of presentation

The Company has prepared these financial statements in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements have been prepared on an accrual basis of accounting primarily using the historical cost basis of measurement. In limited circumstances, where specifically mentioned in the respective accounting policies, other bases of measurement have been used.

Cash and cash equivalents

The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

3. Significant accounting policies (continued)

Inventory

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise e. the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventories. The costs of conversion include costs directly related to units of production, such as direct labour and a systematic allocation of fixed and variable overheads incurred in converting materials into inventory.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable variable selling costs.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include doubtful accounts, obsolete inventory provision, asset useful life, and accounting accruals.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

The following rates applied on a method as described below will apply the cost over the estimated useful lives of property, plant and equipment:

Buildings	4% Declining balance
Vehicles	30% Declining balance
Paving	8% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance
Machinery and equipment	30% Declining balance
Fences	10% Declining balance
Tools and dies	20% Declining balance

Investment tax credits

Investment tax credits on property and equipment purchased are deducted from the cost of the assets.

3. Significant accounting policies (continued)

Revenue recognition

Revenue is recognized at the time of delivery of the product to the customers, upon customer acceptance. This point in time coincides with the point at which all performance obligations have been completed, including that all significant acts are complete, the Company retains no continuing managerial involvement in, or effective control of the goods transferred, persuasive evidence of an arrangement exits, the price is fixed or determinable, and collectibility is reasonably assured. Amounts received from customers in advance of delivery are classified as unearned revenue, regardless of whether or not the amount is refundable. Revenue is recorded net of discounts and returns. Shipping revenue charges are recognized at the time of shipment.

Financial instruments

The Company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Company accounts for the following as financial instruments:

- cash and cash equivalents (bank indebtedness)
- accounts receivable
- due from shareholders
- due to related parties
- long term debt
- callable debt

A financial asset or liability is recognized when the Company becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Company does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Company initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Company has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

3. Significant accounting policies (continued)

Financial instruments (continued)

The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Company removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Income Taxes

The Company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary difference and no recognition of the benefit of income tax losses carried forward. As a result, the Company's income tax expense varies for the amount that would otherwise result from the application of the statutory income tax rates set out in Note 4.

4. Income taxes

The Company accounts for income taxes using the taxes payable method. As a result, the Company's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates to reported earnings as set out below:

	2022	2021
Income for the year before income taxes	**$ 61,440**	$ 208,526
Anticipated income tax	**$ 17,818**	$ 63,600
Tax effect of the following:		
Carryforward of donations	**(4,325)**	-
Benefit of income tax losses not recognized	**(180,898)**	191,641
Gain on disposal of capital assets	**-**	(6,633)
Amortization in excess of CCA (CCA in excess of amortization)	**148,831**	(511,246)
Recapture	**-**	1,218
Non-deductible expenses	**23,107**	11,487
Income tax expense (recovery)	**$ 4,533**	$ (249,933)

5. Accounts receivable

	2022	2021
Trade receivable	$ 905,321	$ 1,840,414
Insurance receivable	109,853	109,853
Income tax receivable	48	323,113
	$ 1,015,222	$ 2,273,380

6. Inventory

	2022	2021
Packaging	**$ 1,809,584**	$ 2,105,807
Finished product	**683,500**	732,135
Raw material	**206,505**	118,247
Merchandise	**109,233**	77,108
	$ 2,808,822	$ 3,033,297

7. Due from/to related parties and related company transactions

(a) The Company had the following transactions made in the normal course of business with companies that exercise significant influence, that are recorded at the exchange amount of consideration established and agreed to by the related parties.

		2022		2021
Revenues				
Rental income	**$**	**108,000**	$	7,050
Sale of materials		**132,218**		-
Management fees		**102,612**		-
Expenses				
Management and directors fees	**$**	**590,288**	$	490,000
Rent expense		**57,900**		44,400
Leasehold improvements		**-**		186,543
Packaging		**24,431**		-

(b) Due to related parties

		2022		2021
Blue Lobster Capital Limited	**$**	**(201,670)**	$	(230,305)
Tradan Holdings Limited		**(70,000)**		(150,500)
OP Brands Limited		**(80,500)**		-
3342963 Nova Scotia Limited		**-**		(120,000)
	$	**(352,170)**	$	(500,805)

(c) Due from related parties

		2022		2021
Blue Ocean Management Limited	**$**	**673,663**	$	-
3343533 Nova Scotia Limited		**663,211**		550,039
4318682 Nova Scotia Limited		**351,467**		23,831
Blue Ocean Hospitality Limited		**20,549**		-
3342963 Nova Scotia Limited		**2,119**		-
	$	**1,711,009**	$	573,870

8. Property, plant and equipment

	Cost	Accumulated Amortization	**2022 Net Book Value**	2021 Net Book Value
Land	$ 192,500	$ -	**$ 192,500**	$ 192,500
Buildings	2,382,749	343,597	**2,039,152**	2,036,423
Vehicles	490,134	269,589	**220,545**	260,421
Paving	14,314	2,198	**12,116**	13,169
Furniture and fixtures	193,560	63,961	**129,599**	119,430
Leasehold improvements	201,882	16,913	**184,969**	180,947
Computer equipment	92,703	42,470	**50,233**	52,224
Machinery and equipment	3,550,070	1,782,061	**1,768,009**	2,367,174
Fences	5,300	768	**4,532**	5,035
Tools and dies	12,782	5,492	**7,290**	7,258
	$ 7,135,994	$ 2,527,049	**$ 4,608,945**	$ 5,234,581

9. Cash and cash equivalents (bank indebtedness)

	2022	2021
Bank balances (overdraft net of cash)	**$ 18,334**	$ (27,290)
Demand operating loan	**(1,206,500)**	(1,699,000)
	$ (1,188,166)	$ (1,726,290)

A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $2,000,000 (2021 - $2,000,000) of which $793,500 (2021 - $301,000) was available for use as at June 30, 2022 and bears interest at bank's prime lending rate plus 1% per annum. Royal Bank of Canada's prime interest rate at the year end was 3.70%.

As security for the operating line of credit of $2,000,000 and a capital line of credit of $4,000,000, of which $3,125,368 has been advanced, the Company has provided the following security:

(i) General security agreement constituting a first ranking security interest in all personal property held by the Company
(ii) Guarantee and postponements of claim from directors totaling $1,000,000
(iii) Guarantee and postponements in the amount of $7,084,000 from 3343533 Nova Scotia Limited
(iv) Guarantee and postponements in the amount of $7,084,000 from 3317427 Nova Scotia Limited
(v) Guarantee and postponements in the amount of $7,084,000 from 4318682 Scotia Limited
(vi) Mortgage security on properties located at 230 Foord Street in the amount of $812,500, Stellarton and 6264 Trafalgar Road, Riverton in the amount of $220,000

10. Payables and accruals

Government remittances payable (other than income taxes) as of June 30, 2022 total $178,852 (2021 - $165,169) are included in payables and accruals.

11. Callable debt	**2022**	2021
Callable term loan, payable in equal monthly instalments of $6,624 including interest of 3.08%, commencing July 2020, due on demand, amortized to July 2027.	**$ 373,438**	$ 440,299
Callable term loan, payable in equal monthly instalments of $6,416 including interest of 2.57%, commencing December 2020, due on demand, amortized to December 2027.	**394,381**	460,312
Callable term loan, payable in equal monthly instalments of $10,737 including interest of 2.57%, commencing December 2020, due on demand, amortized to December 2027.	**660,227**	770,555
Callable term loan, payable in equal monthly instalments of $3,815, including interest of 2.58%, commencing March 2021, due on demand, amortized to February 2026.	**163,461**	204,423
Callable term loan, payable in equal monthly instalments of $6,840, including interest of 2.68%, commencing June 2021, due on demand, amortized to May 2026.	**310,947**	383,630
Callable term loan, payable in equal monthly instalments of $16,642 plus interest of 7.95%, refinanced January 2022, due on demand, amortized to December 2025.	**635,449**	721,729
Callable term loan, payable in equal monthly instalments of $3,169 including interest at the prime rate plus 1%, refinanced March 2022, due on demand, amortized to March 2027.	**177,470**	215,499
Callable term loan, payable in equal monthly instalments of $2,538 including interest at the prime rate plus 1%, refinanced March 2022, due on demand, amortized to February 2025.	**78,672**	108,562
Callable term loan, payable in equal monthly instalments of $6,320 including interest of at the prime rate plus 1%, commencing May 2022 due on demand, amortized to September 2027.	**331,323**	-
	3,125,368	3,305,009
Less current portion	**498,735**	587,808
	$ 2,626,633	$ 2,717,201

11. Callable debt (continued)

RBC demand facilities (callable debt) are authorized in the amount of $4,000,000 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months. Security for the loans is as disclosed in Note 9.

Estimated principal repayments are as follows:

2023	$ 498,735
2024	512,628
2025	514,387
2026	500,113
2027	384,893

12. Long-term debt

	2022	2021
Various Telus device non interest bearing loans, repayable in total monthly instalments of $424 per month , maturing in 2022 and 2023.	**$ 4,072**	$ 5,290
Vehicle loans consisting of financed vehicles bearing interest at 4.99% per annum, paid in the year.	**-**	1,336
Atlantic Canada Opportunities Agency interest free loan toward financing machinery and equipment, repayable in monthly payments of $4,167, amortized to December 2027	**250,000**	-
Vehicle loan bearing interest at 0.99% per annum, repayable in monthly payments of $750 including interest, amortized to June 2023. As security, the Company has pledged a motor vehicle with a net book value of $8,981.	**8,958**	17,827
Mortgage bearing interest at 7.45% per annum, repayable in monthly payments of $5,958 plus interest, amortized to June 2031. As security, the Company has pledged a building with a net book value of $1,026,486.	**567,001**	607,750
Mortgage bearing interest at 4.17% per annum, repayable in monthly payments of $1,571 including interest, amortized to December 2029. As security, the Company has pledged a building with a net book value of $187,862.	**120,182**	133,713
Vehicle loan bearing interest at 0.00% per annum, repayable in monthly payments of $585, amortized to June 2025. As security, the Company has pledged a motor vehicle with a net book value of $14,632.	**21,078**	28,104

12. Long-term debt (continued)	**2022**	2021
Vehicle loans consisting of four financed bearing interest at 0.00% per annum, repayable in equal instalments of $2,231, amortized to February 2025. As security, the Company has pledged motor vehicles with a net book value of $86.441.	**81,341**	110,032
Canada Emergency Business Account- The amount of $40,000 represents the unforgiveable balance of the $60,000 interest fee loan received under the Government of Canada COVID response programs. A total of $10,000 is forgiveable if the loan is fully paid by December 31, 2023. As at the year end date, $10,000 has been included in other income and represents the maximum forgiveable portion of the loan. If the unforgiven portion of the loan is not fully paid by December 31, 2023 the entire principal will be repayable and will bear interest at 5% per annum beginning January 1, 2024. The loan is due in full December 31, 2025.	**40,000**	30,000
	1,092,632	934,052
Less current portion	**96,829**	134,720
	$ 995,803	$ 799,332

Estimated principal repayments are as follows:

2023	$ 96,829
2024	151,439
2025	103,613
2026	77,792
2027	76,665

13. Share capital	**2022**	2021
Authorized		
Unlimited Common shares with no par value		
Issued		
200 Common shares	**$ 2**	$ 2

14. Contingencies

The Company is party to several legal actions related to the following events:

(i) The Company has an outstanding insurance matter related to a fire at its manufacturing facility in November 2018. Receivables include an amount of $109,853 representing the position of the insurance carrier which the Company is contesting.

(ii) The Company has a current action against a supplier. The supplier has also filed a counter claim in the matter. Payables include an amount of $486,022 which represents the balance of supplier invoices under dispute.

15. Guarantees

The Company has guaranteed the loans of 3343533 Nova Scotia Limited, a related company, to a maximum of $2,250,000. As at June 30, 2022, 3343533 Nova Scotia Limited had $1,399,550 of loans outstanding to which the guarantee applies.

The Company has guaranteed the loans of 4318682 Nova Scotia Limited, a related company, to a maximum of $2,600,000. As at June 30, 2021, 4318682 Nova Scotia Limited had 1,349,268 of loans outstanding to which the guarantee applies.

16. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at June 30, 2022.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its receivables. The entity provides credit to its clients in the normal course of its operations. The Company reduces its exposure to credit risk by performing credit valuation on a regular basis including creating an allowance for doubtful accounts when applicable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its long-term debt, payables and accruals and note payables. The Company reduces its exposure to credit risk by maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as it becomes due. In the opinion of management, the liquidity risk exposure to the Company is low and is not material.

16. Financial instruments (continued)

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt, fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

17. Capital management

The terms of the credit facility require that the Company must maintain certain financial covenants. As at the year ended June 30, 2022, the Company was not in compliance with its financial covenants. The lender has indicated a tolerance for the covenant breach and has provided written confirmation on the forbearance until after the June 30, 2023 year end.

18. Comparative figures

Certain comparative figures have been adjusted to conform to changes in the current year presentation.

3284906 Nova Scotia Limited
Schedules to the Financial Statements
Year ended June 30

Schedule of cost of sales

Schedule 1

	2022	2021
Business taxes	$ 376,304	$ 149,827
Equipment rentals	3,874	13,422
Freight	265,458	314,806
Purchases	5,251,667	5,972,817
Shipping	22,784	12,375
Sub-contracts	7,244	22,270
Supplies	86,366	91,786
Wages and benefits	751,589	922,418
	$ 6,765,286	$ 7,499,721

Schedule of expenses

Schedule 2

	2022	2021
Accounting and legal	$ 34,309	$ 61,321
Advertising and promotion	397,421	333,821
Amortization	908,725	769,301
Bad debts	3,763	7,685
Consulting fees	58,225	-
Contract service	212,101	181,986
Director's fees	120,000	240,000
Donations	14,278	24,915
Insurance	71,884	60,053
Interest and bank charges	98,541	37,152
Interest on income taxes	17,870	9,572
Interest on long-term debt	131,475	111,948
Management fees and bonuses	100,000	250,000
Meals and entertainment	116,602	85,985
Office	109,058	96,091
Property taxes	31,856	21,014
Rent	204,909	219,843
Repairs and maintenance	133,623	115,945
Security	6,018	2,895
Subscriptions, permits and licenses	14,550	6,972
Telephone	20,722	16,736
Travel and automotive	198,946	101,529
Utilities	172,716	121,152
Wages and benefits	1,436,421	1,154,029
	$ 4,614,013	$ 4,029,945

Grant Thornton

Financial Statements

3343533 Nova Scotia Limited
(Operating as Sainte Famille Wines)

June 30, 2022

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Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

Independent Practitioner's Review Engagement Report

To the shareholder of
3343533 Nova Scotia Limited (Operating as Sainte Famille Wines)

We have reviewed the accompanying financial statements of 3343533 Nova Scotia Limited (Operating as Sainte Famille Wines) that comprise the balance sheet as at June 30, 2022, and the statements of loss and deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of 3343533 Nova Scotia Limited (Operating as Sainte Famille Wines) as at June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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Independent Practitioner's Review Engagement Report (continued)

Other matter

The company adopted Canadian accounting standards for private enterprises for its year ending June 30, 2022, with a transition date of July 1, 2021 (Note 12). We have not been engaged to review the comparative information, therefore they are neither audited nor reviewed.

Grant Thornton LLP

New Glasgow, Canada
July 11, 2023

Chartered Professional Accountants

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3343533 Nova Scotia Limited (Operating as Sainte Famille Wines)
Statements of Loss and Deficit

Year ended June 30	2022	%	191 days ended June 30, 2021	%
Sales	**$ 235,663**		$ 63,415	
Cost of sales (Schedule 1)	**114,441**	*48.56*	31,974	*50.42*
Gross profit	**121,222**	*51.44*	31,441	*49.58*
Expenses (Schedule 2)	**213,153**	*90.45*	92,369	*145.66*
Loss before other income	**(91,931)**		(60,928)	
Other income				
Gain on sale of property, plant and equipment	**19,725**		-	
Grants and subsidies	**10,375**		-	
	30,100		-	
Net loss	**$ (61,831)**		$ (60,928)	
Deficit, beginning of year	**$ (60,928)**		$ -	
Net loss	**(61,831)**		(60,928)	
Deficit, end of year	**$ (122,759)**		$ (60,928)	

See accompanying notes and schedules to the financial statements.

3343533 Nova Scotia Limited (Operating as Sainte Famille Wines)
Balance Sheet

June 30	2022	191 days ended June 30, 2022
Assets		
Current		
Accounts receivable	**$ 41,200**	$ 11,266
Inventory (Note 3)	**652,095**	417,048
Prepaid expenses	**8,640**	9,452
Harmonized sales tax receivable	**10,831**	37,471
Income taxes recoverable	**1,533**	338
Due from related parties (Note 4)	**5,195**	3,845
	719,494	479,420
Property, plant and equipment (Note 5)	**1,545,800**	1,638,121
Investment tax credits	**2,298**	507
	$ 2,267,592	$ 2,118,048
Liabilities		
Current		
Bank indebtedness (Note 6)	**$ 185,783**	$ 145,733
Payables and accruals (Note 7)	**62,196**	43,472
Unearned revenue	**2,680**	3,795
Due to shareholder, non-interest bearing, no set terms of repayment, unsecured	**1,790**	1,790
Due to related parties (Note 4)	**772,285**	552,356
Current portion of long-term debt (Note 9)	**78,917**	99,079
Current portion of callable debt (Note 8)	**14,580**	-
	1,118,231	846,225
Callable debt (Note 8)	**65,270**	69,943
	1,183,501	916,168
Long-term debt (Note 9)	**1,206,640**	1,262,598
	2,390,141	2,178,766
Shareholder's deficiency		
Share capital (Note 10)	**210**	210
Deficit	**(122,759)**	(60,928)
	(122,549)	(60,718)
	$ 2,267,592	$ 2,118,048

On behalf of the board

_____ Director _____ Director

See accompanying notes and schedules to the financial statements.

3343533 Nova Scotia Limited (Operating as Sainte Famille Wines)
Statement of Cash Flows

Year ended June 30	2022	191 days ended June 30, 2021
Increase (decrease) in bank indebtedness		
Operating		
Net loss	**$ (61,831)**	$ (60,928)
Items not affecting cash		
Amortization	**138,803**	84,298
Gain on sale of property, plant and equipment	**(19,725)**	-
	57,247	23,370
Change in non-cash working capital items		
Accounts receivable	**(29,934)**	(11,266)
Inventory	**(235,047)**	(417,048)
Prepaid expenses	**812**	(9,452)
Harmonized sales tax	**26,640**	(37,186)
Income taxes	**(1,195)**	(338)
Payables and accruals	**18,724**	43,472
Unearned revenue	**(1,115)**	3,795
	(163,868)	(404,653)
Financing		
Repayment of callable debt	**(12,729)**	(782)
Proceeds of callable debt	**22,636**	70,725
Due from related parties	**218,579**	546,325
Repayment of long-term debt	**(76,120)**	(88,323)
Proceeds of long-term debt	**-**	1,450,000
Issuance of share capital	**-**	210
	152,366	1,978,155
Investing		
Advances from shareholder	**-**	1,790
Purchase of property, plant and equipment	**(98,757)**	(1,720,518)
Proceeds on disposal of property, plant and equipment	**72,000**	-
Investment tax credits earned	**(1,791)**	(507)
	(28,548)	(1,719,235)
Increase in bank indebtedness	**(40,050)**	(145,733)
Bank indebtedness		
Beginning of year	**(145,733)**	-
End of year	**$ (185,783)**	$ (145,733)

3343533 Nova Scotia Limited (Operating as Sainte Famille Wines)
Notes to the Financial Statements
June 30, 2022

1. Nature of operations

3343533 Nova Scotia Limited (Operating as Sainte Famille Wines) was incorporated under the Business Corporations Act of Nova Scotia on December 21, 2020. The company is primarily engaged in the production and distribution of alcoholic beverages.

2. Significant accounting policies

Basis of presentation

The Company has prepared these financial statements in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements have been prepared on an accrual basis of accounting primarily using the historical cost basis of measurement. In limited circumstances, where specifically mentioned in the respective accounting policies, other bases of measurement have been used.

Cash and cash equivalents

The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Inventory

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventories. The costs of conversion include costs directly related to units of production, such as direct labour and a systematic allocation of fixed and variable overheads incurred in converting materials into inventory.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable variable selling costs.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts, obsolete inventory provision, asset useful life, and accounting accruals.

2. Significant accounting policies (continued)

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

The following rates applied on a method as described below will apply the cost over the estimated useful lives of property, plant and equipment:

Buildings	4% Declining balance
Equipment	20% Declining balance
Vehicles	30% Declining balance
Furniture and fixtures	20% Declining balance

Investment tax credits

Investment tax credits on property, plant and equipment are deducted from the cost of the assets.

Revenue recognition

Revenue is recognized at the time of delivery of the product to the customers, upon customer acceptance. This point in time coincides with the point at which all performance obligations have been completed, including that all significant acts are complete, the Company retains no continuing managerial involvement in, or effective control of the goods transferred, persuasive evidence of an arrangement exits, the price is fixed or determinable, and collectibility is reasonably assured. Amounts received from customers in advance of delivery are classified as unearned revenue, regardless of whether or not the amount is refundable. Revenue is recorded net of discounts and returns. Shipping revenue charges are recognized at the time of shipment.

Financial instruments

The Company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Company accounts for the following as financial instruments:

- cash and cash equivalents (bank indebtedness)
- accounts receivable
- due to shareholder
- payables and accruals
- due to related parties
- long term debt
- callable debt

A financial asset or liability is recognized when the Company becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Company does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Company initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Company has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Company removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Income taxes

The Company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary difference and no recognition of the benefit of income tax losses carried forward.

3. Inventory

	2022	2021
Finished product	**$ 511,191**	$ 32,936
Work in progress	**108,908**	384,112
Materials	**31,996**	-
	$ 652,095	$ 417,048

4. Due from/to related party and related company transactions

	2022	2021
(a) The Company had the following transactions made in the normal course of business with companies that exercise significant influence, that are recorded at the exchange amount of consideration established and agreed to by the related parties.		
Revenue - Product sales	**$ 1,350**	$ -
Expenses - Management fees	**$ 26,864**	$ -

(b) Due to related parties

	2022	2021
3284906 Nova Scotia Limited	**$ (663,211)**	$ (550,039)
Blue Ocean Management Limited	**(72,186)**	-
Blue Lobster Capital Limited	**(35,017)**	(2,317)
Blue Ocean Hospitality Limited	**(1,871)**	-
	$ (772,285)	$ (552,356)

(c) Due from related parties

	2022	2021
4318682 Nova Scotia Limited	**$ 5,195**	$ 3,845

5. Property, plant and equipment

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Land	$ 418,707	$ -	**$ 418,707**	$ 414,939
Buildings	651,410	39,621	**611,789**	637,281
Equipment	649,931	159,520	**490,411**	500,972
Vehicles	31,420	12,725	**18,695**	78,982
Furniture and fixtures	8,208	2,010	**6,198**	5,947
	$ 1,759,676	$ 213,876	**$ 1,545,800**	$ 1,638,121

6. Bank indebtedness

	2022	2021
Cash	$ 4,217	$ (733)
Bank indebtedness	(190,000)	(145,000)
	$ (185,783)	$ (145,733)

A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $200,000 (2021 - $200,000) of which 10,000 (2021 - $55,000) was available for use as at June 30, 2022 and bears interest at bank's prime lending rate plus 1% per annum. The Royal Bank of Canada's prime rate at the year end was 3.70%.

As security for the operating line of credit of $200,000 and a capital line of credit of $1,000,000, of which $79,849 has been advanced, the Company has provided the following security:

(i) General security agreement signed by the borrower constituting a first ranking security interest in all personal property of the borrower;
(ii) General security agreement signed by 3284906 Nova Scotia Limited and 4318682 Nova Scotia Limited constituting a first ranking security interest in all personal property;
(iii) Guarantee and postponements in the amount of $2,300,000 from 4318682 Nova Scotia Limited;
(iv) Guarantee and postponements in the amount of $2,300,000 signed by 3284906 Nova Scotia Limited;
(v) Mortgage security in the amount of $812,500 on property located at 230 Foord Street, Stellarton, Nova Scotia;
(vi) Mortgage security in the amount of $1,050,000 on property located at 11 Dudley Park Lane, Falmouth, Nova Scotia

7. Payables and accruals

Government remittances payable (other than income taxes) as of June 30, 2022 total $4,172 (2021 - $9,360) are included in payables and accruals.

8. Callable debt	2022	2021
Callable term loan, payable in equal monthly instalments of $850 plus interest of 7.95%, commencing May 2021 due on demand, amortized to May 2028.	**$ 60,420**	$ 69,943
Callable term loan, payable in equal monthly instalments of $405 including interest of 2.77%, commencing October 2021, due on demand, amortized to October 2027.	**19,430**	-
	79,850	69,943
Less current portion	**14,580**	-
	$ 65,270	$ 69,943

RBC demand facilities (callable debt) are authorized in the amount of $999,999 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months. Security for the loans is as disclosed in Note 6.

Estimated principal repayments are as follows:

2023	$ 14,580
2024	14,703
2025	14,829
2026	14,959
2027	11,374

9. Long-term debt	2022	2021
Mortgage bearing interest 3.62% per annum, repayable in monthly payments of $5,297 including interest, maturing in February 2025, amortized to 2036. Security is outlined in Note 6.	**$ 1,008,588**	$ 1,038,940
Promissory note payable bearing interest at 0.00% per annum, repayable in monthly payments of $5,556, amortized to February 2027. The original amount of the loan of $400,000 has been discounted using a rate of 5.0% to reflect the interest free terms of the loan. Over time the loan is being accreted using a discount rate back to face value over the term of the loan.	**276,969**	322,737
	1,285,557	1,361,677
Less current portion	**78,917**	99,079
	$ 1,206,640	$ 1,262,598

9. Long-term debt (continued)

Estimated principal repayments are as follows:

2023	$ 78,917
2024	82,463
2025	86,371
2026	90,365
2027	94,549

10. Share capital

	2022	2021
Authorized		
Unlimited common shares with no par value		
Issued		
209,900 Common shares	**$ 210**	$ 210

11. First time adoption

These financial statements are the first financial statements for which the Company has applied Canadian accounting standards for private enterprises (ASPE). The financial statements for the year ended June 30, 2022 were prepared in accordance with ASPE. Comparative period information presented for the year ended June 30, 2021 was prepared in accordance with ASPE and the provisions set out in Section 1500 First-time adoption.

As required by ASPE section 1500 First-time adoption, June 30, 2021 has been considered to be the date of adoption. The opening balance sheet at the date of transition and the comparative income statement for the year ended June 30, 2021 together with any adjustments made for the effect of the adoption of ASPE, are explained in this note.

During the year, an existing interest free loan was required to be discounted due to the adoption of the ASPE framework. The following changes in accounting carrying amounts were made as a result of the first-time adoption:

	2022	2021
Decrease in cost of building	$ -	$ (55,040)
Decrease in long term debt	-	(55,040)
	$ -	$ -

12. Guarantees

The company has guaranteed the loans of 3284906 Nova Scotia Limited, a related company, to a maximum of $7,084,000. As at June 30, 2021, 3284906 Nova Scotia Limited had $5,019,052 of loans outstanding to which the guarantee applies

13. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at June 30, 2022.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its receivables. The entity provides credit to its clients in the normal course of its operations. The Company reduces its exposure to credit risk by performing credit valuation on a regular basis including creating an allowance for doubtful accounts when applicable.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its long-term debt, payables and accruals and note payable. The Company reduces its exposure to credit risk by maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as it becomes due. In the opinion of management, the liquidity risk exposure to the Company is low and is not material.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt, fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

14. Capital management

The terms of the credit facility require that the Company must maintain certain financial covenants. As at the year ended June 30, 2022, the Company was not in compliance with its financial covenants. The lender has indicated a tolerance for the covenant breach and has provided written confirmation on the forbearance until after the June 30, 2023 year end.

3343533 Nova Scotia Limited (Operating as Sainte Famille Wines)
Schedules to the Financial Statements
Year ended June 30

Schedule of cost of sales **Schedule 1**

	2022	2021
Opening inventory	$ 417,048	$ -
Amortization	103,950	55,570
Direct labour	155,571	61,932
Equipment rentals	1,890	702
Freight	1,988	1,882
Gas and oil	4,056	503
Purchases	10,124	272,970
Permits	1,850	-
Repairs and maintenance	22,707	3,929
Supplies	47,352	51,534
	766,536	449,022
Ending inventory	(652,095)	(417,048)
	$ 114,441	$ 31,974

Schedule of expenses **Schedule 2**

	2022	2021
Advertising and promotion	$ 4,831	$ 1,445
Amortization	34,853	28,728
Automotive	1,907	235
Bad debts	149	-
Freight	4,627	2,036
Fuel and lubrication	1,036	2,568
Insurance	15,903	7,529
Interest and bank charges	11,002	2,793
Interest on long-term debt	50,876	7,718
Management fees	26,864	-
Meals and entertainment	121	18
Office	1,953	1,509
Professional fees	5,381	8,995
Property taxes	3,223	3,977
Repairs and maintenance	6,192	3,505
Research and development	10,500	-
Security	327	108
Shop supplies	345	138
Taxes and licenses	5,332	2,950
Travel	71	378
Utilities	9,555	4,102
Wages and benefits	18,105	13,637
	$ 213,153	$ 92,369

Grant Thornton

Financial Statements

4318682 Nova Scotia Limited
(Operating as Annapolis Cider Co)

June 30, 2022

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Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

Independent Practitioner's Review Engagement Report

To the shareholder of
4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)

We have reviewed the accompanying financial statements of 4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) that comprise the balance sheet as at June 30, 2022, and the statements of income and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of 4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) as at June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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Independent Practitioner's Review Engagement Report (continued)

Other matter

The company adopted Canadian accounting standards for private enterprises for its year ending June 30, 2022, with a transition date of July 1, 2021 (Note 14). We have not been engaged to review the comparative information, therefore they are neither audited nor reviewed.

Grant Thornton LLP

New Glasgow, Canada
July 4, 2023

Chartered Professional Accountants

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4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Statements of Income and Retained Earnings

Year ended June 30	2022	24 days ended June 30, 2021
Sales		
Cider sales	**$ 1,227,913**	$ 46,561
Cider Club	**79,746**	199
Merchandise sales	**58,970**	3,499
	1,366,629	50,259
Cost of sales (Schedule 1)	**653,774**	37,023
Gross profit	**712,855**	13,236
Expenses (Schedule 2)	**648,478**	31,662
Income (loss) before other income and income taxes	**64,377**	(18,426)
Other income		
Grants and subsidies	**20,208**	-
Income (loss) before income taxes	**84,585**	(18,426)
Income taxes (Note 3)	**6,444**	-
Net income (loss)	**$ 78,141**	$ (18,426)
Deficit, beginning of year	**$ (18,426)**	$ -
Net income (loss)	**78,141**	(18,426)
Retained earnings (deficit), end of year	**$ 59,715**	$ (18,426)

See accompanying notes and schedules to the financial statements.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Balance Sheet

June 30	2022	24 days ended June 30, 2021
Assets		
Current		
Accounts receivable (Note 4)	**$ 36,283**	$ 18,522
Inventory (Note 5)	**396,418**	255,434
Subscription receivable	**210**	210
	432,911	274,166
Property, plant and equipment (Note 6)	**1,347,830**	1,454,974
Goodwill	**630,366**	633,710
Investment tax credits	**11,826**	14,722
	$ 2,422,933	$ 2,377,572
Liabilities		
Current		
Bank indebtedness (Note 7)	**$ 118,697**	$ 222,555
Payables and accruals (Note 8)	**172,438**	124,415
Unearned revenue	**13,525**	11,468
Income taxes payable	**2,819**	4,037
Due to related parties (Note 9)	**506,465**	52,835
Current portion of long-term debt (Note 11)	**284,318**	276,808
Current portion of capital lease obligation (Note 12)	**61,111**	58,805
Current portion of callable debt (Note 10)	**70,207**	125,574
	1,229,580	876,497
Callable debt (Note 10)	**94,537**	134,987
	1,324,117	1,011,484
Long-term		
Long-term debt (Note 11)	**940,206**	1,224,508
Capital lease obligation (Note 12)	**98,685**	159,796
	2,363,008	2,395,788
Shareholder's equity (deficiency)		
Share capital (Note 13)	**210**	210
Retained earnings (deficit)	**59,715**	(18,426)
	59,925	(18,216)
	$ 2,422,933	$ 2,377,572

On behalf of the board

_____ Director _____ Director

See accompanying notes and schedules to the financial statements.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Statement of Cash Flows

Year ended June 30	2022	24 days ended June 30, 2021
Increase (decrease) in bank indebtedness		
Operating		
Net income (loss)	**$ 78,141**	$ (18,426)
Item not affecting cash		
Amortization	**113,705**	8,726
	191,846	(9,700)
Change in non-cash working capital items		
Accounts receivable	**(17,761)**	(18,522)
Inventory	**(140,984)**	(255,434)
Payables and accruals	**48,023**	124,415
Unearned revenue	**2,057**	11,468
Income taxes	**(1,218)**	4,037
	81,963	(143,736)
Financing		
Advances to related parties	**453,630**	52,835
Repayment of callable debt	**(95,817)**	(8,184)
Proceeds of callable debt	**-**	268,745
Repayment of long-term debt	**(276,792)**	-
Proceeds of long-term debt	**-**	1,501,316
Repayment of capital lease obligation	**(58,805)**	(10,210)
Proceeds of capital lease obligation	**-**	228,811
	22,216	2,033,313
Investing		
Advances from (to) shareholder	**-**	(210)
Purchase of property, plant and equipment, net of ITC's	**(6,561)**	(1,463,700)
Goodwill	**3,344**	(633,710)
Investment tax credits applied (earned)	**2,896**	(14,722)
Advances to shareholder	**-**	210
	(321)	(2,112,132)
Increase (decrease) in bank indebtedness	**103,858**	(222,555)
Bank indebtedness		
Beginning of year	**(222,555)**	-
End of year	**$ (118,697)**	$ (222,555)

See accompanying notes and schedules to the financial statements.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Notes to the Financial Statements
June 30, 2022

1. Nature of operations

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) was incorporated under the Business Corporations Act of Nova Scotia on June 6, 2020. The company is primarily engaged in the production and distribution of alcoholic beverages.

2. Significant accounting policies

Basis of presentation

The Company has prepared these consolidated financial statements in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements have been prepared on an accrual basis of accounting primarily using the historical cost basis of measurement. In limited circumstances, where specifically mentioned in the respective accounting policies, other bases of measurement have been used.

Cash and cash equivalents

The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn

Inventory

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise e. the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventories]. The costs of conversion include costs directly related to units of production, such as direct labour and a systematic allocation of fixed and variable overheads incurred in converting materials into inventory.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable variable selling costs.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts, obsolete inventory provision, asset useful life, and accounting accruals.

2. Significant accounting policies (continued)

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

The following rates applied on a method as described below will apply the cost over the estimated useful lives of property, plant and equipment:

Buildings	4% Declining balance
Equipment	20% Declining balance
Vehicles	30% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Investment tax credits

Investment tax credits on property, plant and equipment are deducted from the cost of the assets.

Revenue recognition

Revenue is recognized at the time of delivery of the product to the customers, upon customer acceptance. This point in time coincides with the point at which all performance obligations have been completed, including that all significant acts are complete, the Company retains no continuing managerial involvement in, or effective control of the goods transferred, persuasive evidence of an arrangement exits, the price is fixed or determinable, and collectibility is reasonably assured. Amounts received from customers in advance of delivery are classified as unearned revenue, regardless of whether or not the amount is refundable. Revenue is recorded net of discounts and returns. Shipping revenue charges are recognized at the time of shipment.

Financial instruments

The Company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Company accounts for the following as financial instruments:

- cash and cash equivalents (bank indebtedness)
- accounts receivable
- due from shareholder
- due to related parties
- long term debt
- callable debt
- obligations under capital lease

A financial asset or liability is recognized when the Company becomes party to contractual provisions of the instrument.

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Company does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Company initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Company has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Company removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Income taxes

The Company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary difference and no recognition of the benefit of income tax losses carried forward. As a result, the Company's income tax expense varies for the amount that would otherwise result from the application of the statutory income tax rates set out in Note 3.

3. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 11.5% (2021 - 13%) to the income (loss) for the years as follows:

	2022	2021
Income (loss) for the year before income taxes	**$ 84,585**	$ (18,426)
Anticipated income tax (recovery)	**$ 24,530**	$ (5,344)
Tax effect of the following:		
Benefit of income tax loss carry-forwards not previously recognized	**(14,114)**	-
Charitable donation carry-forwards not previously recognized	**(2,722)**	-
Benefit of income tax losses not recognized	**-**	5,344
Charitable donations	**967**	-
Amortization in excess of CCA	**13,906**	-
Capitalized lease payments	**(17,053)**	-
Non-deductible expenses	**930**	-
Income tax expense	**$ 6,444**	$ -

4. Accounts receivable

	2022	2021
Trade receivable	**$ 39,783**	$ 18,522
Less: Allowance for doubtful accounts	**3,500**	-
	$ 36,283	$ 18,522

5. Inventory

	2022	2021
Finished product	**$ 164,211**	$ 134,697
Packaging	**134,734**	58,875
Work in progress	**59,052**	16,351
Merchandise	**28,700**	37,227
Raw materials	**9,721**	8,284
	$ 396,418	$ 255,434

6. Property, plant and equipment

	Cost	Accumulated Amortization	**2022 Net Book Value**	2021 Net Book Value
Land	$ 50,000	$ -	**$ 50,000**	$ 50,000
Buildings	500,000	20,800	**479,200**	499,167
Equipment	421,561	89,117	**332,444**	408,083
Vehicles	21,000	6,667	**14,333**	20,475
Furniture and fixtures	1,500	320	**1,180**	1,475
Leasehold improvements	475,000	5,146	**469,854**	474,604
Computer equipment	1,200	381	**819**	1,170
	$ 1,470,261	$ 122,431	**$ 1,347,830**	$ 1,454,974

7. Bank indebtedness

	2022	2021
A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $250,000 (2021 - $250,000) of which $115,000 (2021 - $Nil) was available for use as at June 30, 2022 and bears interest at bank's prime lending rate plus 1% per annum. The Royal Bank of Canada's prime rate at the year end was 3.70%		
Cash	**$ 16,303**	$ 27,445
Bank indebtedness	**(135,000)**	(250,000)
	$ (118,697)	$ (222,555)

As security for the operating line of credit of $250,000 and a capital line of credit of $370,000, of which $164,744 has been advanced, the Company has provided the following security:

(i) General security agreement signed by 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited constituting a first ranking security interest in all personal property;
(ii) General security agreement signed by the borrower constituting a first ranking security interest in all personal property of the borrower;
(iii) Guarantee and postponements in the amount of $2,600,000 from 3284906 Nova Scotia Limited;
(iv) Guarantee and postponements in the amount of $2,600,000 from 3343533 Nova Scotia Limited;
(v) Mortgage security in the amount of $262,250 on property located at 11621 Parkway Drive, Port Williams, Nova Scotia;
(vi) Security confirmation agreement in respect of the amalgamation

8. Payables and accruals

Government remittances payable (other than income taxes) as of June 30, 2022 total $12,371 (2021 - $4,811) are included in payables and accruals.

9. Due to related party and related company transactions

	2022	2021
(a) The Company had the following transactions made in the normal course of business with companies that exercise significant influence, that are recorded at the exchange amount of consideration established and agreed to by the related parties.		
Revenue - Packaging sales	**$ 24,431**	$ -
Expenses		
Materials	**$ 133,568**	$ -
Management fees	**104,318**	-
	$ 237,886	$ -

(b) Due to related parties

	2022	2021
3284906 Nova Scotia Limited	**$ (351,467)**	$ (23,831)
Blue Ocean Management Limited	**(116,686)**	-
Blue Lobster Capital Limited Limited	**(33,117)**	(25,158)
3343533 Nova Scotia Limited	**(5,195)**	(3,845)
	$ (506,465)	$ (52,834)

10. Callable debt	2022	2021
Callable term loan, payable in equal monthly instalments of $1,795 including interest of 3.62%, commencing June 2021, due on demand, amortized to January 2026.	**$ 76,996**	$ 95,558
Callable term loan, payable in equal monthly instalments of $2,222 including interest of 4.26%, commencing June 2021, due on demand, amortized to April 2023.	**22,054**	46,720
Callable term loan, paid off in the year.	**-**	2,339
Callable term loan, payable in equal monthly instalments of $2,524 including interest of 5.37%, commencing June 2021, due on demand, amortized to October 2025.	**38,761**	52,635
Callable term loan, payable in equal monthly instalments of $2,063 including interest of 5.29%, commencing June 2021, due on demand, amortized to July 2022.	**1,913**	25,869
Callable term loan, payable in equal monthly instalments of $2,070 plus interest of 5.52%, commencing June 2021, due on demand, amortized to July 2024.	**25,020**	37,440
	164,744	260,561
Less current portion	**70,207**	125,574
Callable debt	**$ 94,537**	$ 134,987

RBC demand facilities (callable debt) are authorized in the amount of $370,000 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months. Security for the loans is as disclosed in Note 8.

Estimated principal repayments are as follows:

2023	$ 70,207
2024	47,441
2025	31,450
2026	15,646
	$ 164,744

11. Long-term debt	2022	2021
Fixed rate term loan bearing interest at 2.68%, repayable in monthly payments of $26,049 including interest, amortized to June 2026. Security is outlined in Note 7.	**$ 1,184,524**	$ 1,461,316
Canada Emergency Business Account - The amount of $40,000 represents the unforgiveable balance of the $60,000 interest free loan received under the Government of Canada COVID-19 response program. A total of $20,000 is forgivable if the loan is fully paid by December 31, 2023. As at the year end date, $20,000 has been included in prior year income and represents the maximum forgiveable portion of the loan. If the unforgiven portion of the loan is not fully paid by December 31, 2024 the entire principal will be repayable and will bear interest at 5% per annum beginning January 1, 2024. The loan is due in full December 31, 2025.	**40,000**	40,000
	1,224,524	1,501,316
Less current portion	**284,318**	276,808
Due beyond one year	**$ 940,206**	$ 1,224,508

Estimated principal repayments are as follows:

2023	$ 284,318
2024	332,032
2025	299,956
2026	308,218

12. Capital lease obligation	2022	2021
Capital lease contract with equipment pledged as security, repayable in monthly installments of $3,531 including interest at 4.30% per annum from June to November and interest only installments from December to May. The lease has a maturity date of August 2023 and a buyout option at maturity.	**$ 25,896**	$ 46,271
Capital lease contract with equipment pledged as security, repayable in monthly installments of $5,897 including interest at 5.47% per annum from June to November and interest only installments from December to May. The lease has a maturity date of October 2026 and a buyout option at maturity.	**113,250**	141,747
Capital lease contract with equipment pledged as security, repayable in monthly installments of $1,772 including interest at 5.27% from May to October and interest only installments from November to April. The lease has a maturity date of February 2024 and a buyout option at maturity.	**20,650**	30,583
	159,796	218,601
Less current portion	**61,111**	58,805
Due beyond one year	**$ 98,685**	$ 159,796

Estimated lease payments are as follows:

2023	$ 61,111
2024	47,317
2025	33,676
2026	17,692

13. Share capital	2022	2021
Authorized		
Unlimited common shares with no par value		
Issued		
21,000 common shares	$ 210	$ 210

14. First time adoption

These financial statements are the first financial statements for which the Company has applied Canadian accounting standards for private enterprises (ASPE). The financial statements for the year ended June 30, 2022 were prepared in accordance with ASPE. Comparative period information presented for the year ended June 30, 2021 was prepared in accordance with ASPE and the provisions set out in Section 1500 First-time adoption.

As required by ASPE section 1500 First-time adoption, June 30, 2021 has been considered to be the date of adoption. The opening balance sheet at the date of transition and the comparative income statement for the year ended June 30, 2021 together with any adjustments made for the effect of the adoption of ASPE, are explained in this note.

During the year, there were no changes in accounting methods as a result of the first-time adoption.

15. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at June 30, 2022.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its receivables. The entity provides credit to its clients in the normal course of its operations. The Company reduces its exposure to credit risk by performing credit valuation on a regular basis including creating an allowance for doubtful accounts when applicable.

15. Financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its long-term debt, payables and accruals and note payable. The Company reduces its exposure to credit risk by maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as it becomes due. In the opinion of management, the liquidity risk exposure to the Company is low and is not material.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt, fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

16. Capital management

The terms of the credit facility require that the Company must maintain certain financial covenants. As at the year ended June 30, 2022, the Company was not in compliance with its financial covenants. The lender has indicated a tolerance for the covenant breach and has provided written confirmation on the forbearance until after the June 30, 2023 year end.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Schedules to the Financial Statements
Year ended June 30

Schedule of cost of sales **Schedule 1**

	2022	2021
Freight	$ 11,439	$ 2,879
Materials	211,001	17,075
Permits	25,616	1,290
Purchases	234,838	(1,732)
Shipping	48,000	9,664
Wages and benefits	122,880	7,847
	$ 653,774	$ 37,023

Schedule of expenses **Schedule 2**

	2022	2021
Accounting and legal	$ 21,791	$ 12,013
Advertising and promotion	12,946	794
Amortization	113,705	8,726
Bad debts	3,500	-
Business taxes	2,110	-
Donations	3,335	-
Insurance	18,837	4,044
Interest and bank charges	34,258	1,228
Interest on income taxes	658	-
Interest on long-term debt	55,633	(6,635)
Management fees	104,318	-
Meals and entertainment	5,098	118
Office	20,628	1,163
Property taxes	14,788	(2,584)
Rent	51,338	-
Repairs and maintenance	3,016	130
Salaries and related benefits	146,086	10,681
Security	1,243	-
Telephone and utilities	4,137	378
Travel and automotive	13,359	13
Utilities	17,694	1,593
	$ 648,478	$ 31,662

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Compiled Financial Information

Blue Ocean Group of Companies

Consisting of:
- 3284906 Nova Scotia Limited
(operating as Nova Scotia Spirit Company)
- 3343533 Nova Scotia Limited
(operating as Sainte Famille Wines)
- 4318682 Nova Scotia Limited
(operating as Annapolis Cider Company)

June 30, 2022

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Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

Compilation Engagement Report

To the Management of
Blue Ocean Group of Companies

On the basis of information provided by Management, we have compiled the balance sheet of Blue Ocean Group of Companies as at June 30, 2022, the statements of income and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements,* which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Grant Thornton LLP

New Glasgow, Canada
July 12, 2023

Chartered Professional Accountants

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Blue Ocean Group of Companies
Statements of Income and Retained Earnings

Year ended June 30	2022	%	2021	%
Sales	**$ 12,895,323**		$ 11,477,213	$
Cost of sales (Schedule 1)	**7,533,502**	*58.4*	7,568,718	*65.9*
Gross profit	**5,361,821**	*41.6*	3,908,495	*34.1*
Expenses (Schedule 2)	**5,475,641**	*42.5*	4,153,977	*36.2*
Loss before other income and income taxes (recovery)	**(113,820)**		(245,482)	
Other income				
Gain on sale of property, plant and equipment	**19,725**		21,749	
Rental	**108,000**		-	
Subsidies and grants	**70,291**		352,904	
	198,016		374,653	
Income before income taxes (recovery)	**84,196**		129,171	
Income taxes (recovery)	**9,960**		(249,933)	
Net income	**$ 74,236**		$ 379,104	
Retained earnings, beginning of year	**$ 2,914,975**		$ 2,775,871	
Net income	**74,236**		379,104	
Dividends paid	**-**		(240,000)	
Retained earnings, end of year	**$ 2,989,211**		$ 2,914,975	

See accompanying notes and schedules to the financial information.

Blue Ocean Group of Companies
Balance Sheet

June 30	2022	2021
Assets		
Current		
Accounts receivable	**$ 1,093,196**	$ 2,303,168
Inventory	**3,857,335**	3,705,780
Prepaid expenses	**53,666**	234,077
Due from shareholder	**71,356**	13,626
Due from related party (Note 2)	**505,589**	-
	5,581,142	6,256,651
Long-term		
Property, plant and equipment, (Note 3)	**7,502,575**	8,327,675
Goodwill	**630,366**	633,710
Investment tax credits	**148,985**	148,555
	8,281,926	9,109,940
	$ 13,863,068	$ 15,366,591

See accompanying notes and schedules to the financial information.

Blue Ocean Group of Companies
Balance Sheet

June 30	2022	2021
Liabilities		
Current		
Bank indebtedness (Note 4)	**$ 1,492,646**	$ 2,094,578
Accounts payable and accrued liabilities	**1,860,525**	2,208,214
Unearned revenue	**16,205**	15,263
Income taxes payable	**1,286**	3,699
Due to related party (Note 2)	**370,303**	478,281
Current portion of long-term debt (Note 6)	**460,064**	510,608
Current portion of capital lease obligation (Note 7)	**61,111**	58,805
Current portion of callable debt (Note 5)	**583,521**	713,381
	4,845,661	6,082,829
Callable debt (Note 5)	**2,786,440**	2,922,131
	7,632,101	9,004,960
Long-term		
Long-term debt (Note 6)	**3,142,649**	3,286,438
Capital lease obligation (Note 7)	**98,685**	159,796
	3,241,334	3,446,234
	10,873,435	12,451,194
Shareholder's equity		
Share capital	**422**	422
Retained earnings	**2,989,211**	2,914,975
	2,989,633	2,915,397
	$ 13,863,068	$ 15,366,591

On behalf of the Board

_____ Director _____ Director

See accompanying notes and schedules to the financial information.

Blue Ocean Group of Companies
Notes to the Compiled Financial Information
June 30, 2022

1. Basis of accounting

The preparation of the balance sheet of Blue Ocean Group of Companies as at June 30, 2022 and the statements of income and retained earnings for the year then ended is on the cash basis of accounting with the addition of the following:

(a) Accounts receivable are accrued as at the reporting date
(b) Inventory is stated at the lower of cost and the net realizable value
(c) Prepaid expenses are recorded at cost
(d) Property, plant and equipment are recorded at historical cost and are amortized over their useful lives
(e) Goodwill, arising on the acquisition of a business, represents the excess of the cost of acquisition over the company's interest in the net fair value of identifiable assets and liabilities of the business recognized at the date of acquisition. Goodwill is not amortized as it is deemed to have an indefinite useful life.
(f) Accounts payable and accrued liabilities are accrued as at the reporting date
(g) Income taxes receivable or payable are accrued as at the reporting date

2. Due from/to related party

		2022	2021
(a)	Due from related parties		
	Blue Ocean Management Limited	**$ 484,791**	$ -
	Blue Ocean Hospitality Limited	**18,679**	-
	3342963 Nova Scotia Limited	**2,119**	-
		$ 505,589	$ -
(b)	Due to related parties		
	Blue Lobster Capital Limited	**$ 269,803**	$ 257,781
	Tradan Holdings Limited	**100,500**	150,500
	Rice Family Trust	**-**	70,000
		$ 370,303	$ 478,281

3. Property, plant and equipment,

	Cost	Accumulated Amortization	**2022 Net Book Value**	2021 Net Book Value
Land	$ 661,207	$ -	**$ 661,207**	$ 657,439
Buildings	3,534,158	404,016	**3,130,142**	3,172,870
Equipment	1,071,492	248,637	**822,855**	909,055
Vehicles	542,555	288,983	**253,572**	359,878
Paving	14,314	2,198	**12,116**	13,169
Furniture and fixtures	203,268	66,291	**136,977**	126,852
Leasehold improvements	676,882	22,059	**654,823**	655,551
Computer equipment	93,903	42,851	**51,052**	53,394
Machinery and equipment	3,550,070	1,782,061	**1,768,009**	2,367,174
Fences	5,300	768	**4,532**	5,035
Tools and dies	12,782	5,492	**7,290**	7,258
	$ 10,365,931	$ 2,863,356	**$ 7,502,575**	$ 8,327,675

4. Bank indebtedness

	2022	2021
Cash	**$ 38,854**	$ (578)
Bank indebtedness	**(1,531,500)**	(2,094,000)
	$ (1,492,646)	$ (2,094,578)

A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $2,450,000 (2021 - $2,450,000) of which $918,500 (2021 - $341,000) was available for use as at June 30, 2022 and bears interest at bank's prime lending rate plus 1% per annum. Royal Bank of Canada's prime interest rate at the year end was 3.70%.

As security for the operating line of credit of $2,450,000 and a capital line of credit of $5,370,000, of which $3,369,961 has been advanced, the Group has provided the following security:

(i) General security agreement constituting a first ranking security interest in all personal property held by the Group;
(ii) Guarantee and postponements of claim from directors totaling $1,000,000;
(iii) Guarantee and postponements in the amount of $7,084,000 from Blue Lobster Capital Limited;
(iv) Mortgage security on properties located at 230 Foord Street in the amount of $812,500, Stellarton and 6264 Trafalgar Road, Riverton in the amount of $220,000;
(v) Mortgage security in the amount of $262,250 on property located at 11621 Parkway Drive, Port Williams, Nova Scotia;
(vi) Mortgage security in the amount of $1,050,000 on property located at 11 Dudley Park Lane, Falmouth, Nova Scotia;

5. Callable debt		2022		2021
Callable term loan, payable in equal monthly instalments of $6,624 including interest of 3.08%, commencing July 2020, due on demand, amortized to July 2027.	$	**373,439**	$	440,300
Callable term loan, payable in equal monthly instalments of $6,416 including interest of 2.57%, commencing December 2020, due on demand, amortized to December 2027.		**394,381**		460,312
Callable term loan, payable in equal monthly instalments of $10,737 including interest of 2.57%, commencing December 2020, due on demand, amortized to December 2027.		**660,227**		770,555
Callable term loan, payable in equal monthly instalments of $3,815, including interest of 2.58%, commencing March 2021, due on demand, amortized to February 2026.		**163,461**		204,423
Callable term loan, payable in equal monthly instalments of $6,840, including of 2.68%, commencing June 2021, due on demand, amortized to May 2026.		**310,947**		383,630
Callable term loan, payable in equal monthly instalments of $16,642 plus interest of 7.95%, refinanced January 2022, due on demand, amortized to December 2025.		**635,449**		721,729
Callable term loan, payable in equal monthly instalments of $3,169 including interest at the prime rate plus 1%, refinanced March 2022, due on demand, amortized to March 2027.		**177,470**		215,499
Callable term loan, payable in equal monthly instalments of $2,538 including interest at the prime rate plus 1%, refinanced March 2022, due on demand, amortized to February 2025.		**78,672**		108,562
Callable term loan, payable in equal monthly instalments of $6,320 including interest of at the prime rate plus 1%, commencing May 2022 due on demand, amortized to September 2027.		**331,323**		-
Callable term loan, payable in equal monthly instalments of $1,795 including interest of 3.62%, commencing June 2021, due on demand, amortized to January 2026.		**76,995**		95,556
Callable term loan, payable in equal monthly instalments of $2,222 including interest of 4.26%, commencing June 2021, due on demand, amortized to April 2023.		**22,054**		46,720
Callable term loan, paid off in the year.		**-**		2,339
Callable term loan, payable in equal monthly instalments of $2,524 including interest of 5.37%, commencing June 2021, due on demand, amortized to October 2025.		**38,761**		52,635

5. Callable debt (continued)	2022	2021
Callable term loan, payable in equal monthly instalments of $2,063 including interest of 5.29%, commencing June 2021, due on demand, amortized to July 2022.	**1,913**	25,869
Callable term loan, payable in equal monthly instalments of $2,070 plus interest of 5.52%, commencing June 2021, due on demand, amortized to July 2024.	**25,020**	37,440
Callable term loan, payable in equal monthly instalments of $850 plus interest of 7.95%, commencing May 2021 due on demand, amortized to May 2028.	**60,419**	69,943
Callable term loan, payable in equal monthly instalments of $405 including interest of 2.77%, commencing October 2021, due on demand, amortized to October 2027.	**19,430**	-
	3,369,961	3,635,512
Less current portion	**583,521**	713,381
Callable debt	**$ 2,786,440**	$ 2,922,131

RBC demand facilities (callable debt) are authorized in the amount of $5,370,000 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months.

Estimated principal repayments are as follows:

2023	$ 583,521
2024	574,772
2025	560,666
2026	530,718
2027	396,267

6. Long-term debt	2022	2021
Various Telus device non interest bearing loans, repayable in total monthly instalments of $424 per month , maturing in 2022 and 2023.	$ **4,072**	$ 5,291
Vehicle loans consisting of financed vehicles bearing interest at 4.99% per annum, paid in the year.	**-**	1,336
Atlantic Canada Opportunities Agency interest free loan toward financing machinery and equipment, repayable in monthly payments of $4,167, amortized to December 2027	**250,000**	-
Vehicle loan bearing interest at 0.99% per annum, repayable in monthly payments of $750 including interest, amortized to June 2023. As security, the Company has pledged a motor vehicle with a net book value of $8,981.	**8,958**	17,827
Mortgage bearing interest at 7.45% per annum, repayable in monthly payments of $5,958 plus interest, amortized to June 2031. As security, the Company has pledged a building with a net book value of $1,026,486.	**567,001**	607,750
Mortgage bearing interest at 4.17% per annum, repayable in monthly payments of $1,571 including interest, amortized to December 2029. As security, the Company has pledged a building with a net book value of $187,862.	**120,182**	133,713
Vehicle loan bearing interest at 0.00% per annum, repayable in monthly payments of $585, amortized to June 2025. As security, the Company has pledged a motor vehicle with a net book value of $14,632.	**21,078**	28,104
Vehicle loans consisting of four financed bearing interest at 0.00% per annum, repayable in equal instalments of $2,231, amortized to February 2025. As security, the Company has pledged motor vehicles with a net book value of $86.441.	**81,341**	110,032
Canada Emergency Business Account- The amount of $80,000 represents the unforgiveable balance of the $60,000 interest fee loan received by both 3284906 Nova Scotia Limited and 3343533 Nova Scotia Limited under the Government of Canada COVID response programs. A total of $20,000 is forgiveable if the loan is fully paid by December 31, 2023. As at the year end date, $20,000 has been included in other income and represents the maximum forgiveable portion of the loan. If the unforgiven portion of the loan is not fully paid by December 31, 2023 the entire principal will be repayable and will bear interest at 5% per annum beginning January 1, 2024. The loan is due in full December 31, 2025.	**80,000**	70,000
Fixed rate term loan bearing interest at 2.68%, repayable in monthly payments of $26,049 including interest, amortized to June 2026. Security is outlined in Note 4.	**1,184,524**	1,461,316

6. Long-term debt (continued)	2022	2021
Mortgage bearing interest 3.62% per annum, repayable in monthly payments of $5,297 including interest, maturing in February 2025, amortized to 2036. Security is outlined in Note 4.	**1,008,589**	1,038,940
Promissory note payable bearing interest at 0.00% per annum, repayable in monthly payments of $5,556, amortized to February 2027. The original amount of the loan of $400,000 has been discounted using a rate of 5.0% to reflect the interest free terms of the loan. Over time the loan is being accreted using a discount rate back to face value over the term of the loan.	**276,968**	322,737
	3,602,713	3,797,046
Less current portion	**460,064**	510,608
Due beyond one year	**$ 3,142,649**	$ 3,286,438

Estimated principal repayments are as follows:

2023	$ 460,064
2024	565,934
2025	489,940
2026	476,375
2027	171,214

7. Capital lease obligation		2022		2021
Capital lease contract with equipment pledged as security, repayable in monthly installments of $3,531 including interest at 4.30% per annum from June to November and interest only installments from December to May. The lease has a maturity date of August 2023 and a buyout option at maturity.	**$**	**25,896**	$	46,271
Capital lease contract with equipment pledged as security, repayable in monthly installments of $5,897 including interest at 5.47% per annum from June to November and interest only installments from December to May. The lease has a maturity date of October 2026 and a buyout option at maturity.		**113,250**		141,747
Capital lease contract with equipment pledged as security, repayable in monthly installments of $1,772 including interest at 5.27% from May to October and interest only installments from November to April. The lease has a maturity date of February 2024 and a buyout option at maturity.		**20,650**		30,583
		159,796		218,601
Less current portion		**61,111**		58,805
Due beyond one year	**$**	**98,685**	$	159,796

Estimated lease payments are as follows:

2023	$ 61,111
2024	47,317
2025	33,676
2026	17,692

Blue Ocean Group of Companies
Schedules to the Compiled Financial Information
Year ended June 30

Schedule of cost of sales **Schedule 1**

	2022	2021
Amortization	**$ 103,950**	$ 55,570
Business taxes	**376,304**	149,827
Direct labour	**155,571**	61,932
Equipment rentals	**5,764**	14,125
Freight	**278,885**	319,566
Gas and oil	**4,056**	503
Purchases	**5,261,583**	5,827,007
Materials	**211,001**	17,075
Permits	**27,466**	1,290
Shipping	**70,784**	22,038
Repairs and maintenance	**22,707**	3,929
Sub-contracts	**7,244**	22,270
Supplies	**133,718**	143,321
Wages and benefits	**874,469**	930,265
	$ 7,533,502	$ 7,568,718

Blue Ocean Group of Companies
Schedules to the Compiled Financial Information
Year ended June 30

Schedule of expenses **Schedule 2**

	2022	2021
Accounting and legal	$ 61,481	$ 82,329
Advertising and promotion	415,198	336,060
Amortization	1,057,283	806,755
Bad debts	7,412	7,685
Consulting fees	58,225	-
Contracted service	212,101	181,986
Director's fees	120,000	240,000
Donations	17,613	24,915
Freight	4,627	2,036
Insurance	106,624	71,626
Interest and bank charges	143,801	41,172
Interest on income taxes	18,528	9,572
Interest on long-term debt	237,985	113,031
Management fees	231,182	250,000
Meals and entertainment	121,821	86,121
Office	131,977	98,902
Property taxes	49,868	22,408
Rent	256,246	219,843
Repairs and maintenance	142,832	119,580
Research and development	10,500	-
Security	7,589	3,003
Subscriptions, permits and licenses	21,992	9,922
Telephone and utilities	24,859	17,114
Travel and automotive	215,319	104,723
Utilities	199,966	126,847
Wages and benefits	1,600,612	1,178,347
	$ 5,475,641	$ 4,153,977

TAB V

Grant Thornton

Financial Statements

3284906 Nova Scotia Limited (Operating as "Nova Scotia Spirit Co")

June 30, 2023

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Independent Practitioner's Review Engagement Report

Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

To the shareholders of 3284906 Nova Scotia Limited (Operating as Nova Scotia Spirit Co)

We have reviewed the accompanying financial statements of 3284906 Nova Scotia Limited that comprise the balance sheet as at June 30, 2023, and the statements of income and retained earnings, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of 3284906 Nova Scotia Limited as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Material uncertainty related to going concern
We draw attention to Note 2 in the financial statements which describes events or conditions that indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern. Our conclusion is not modified with respect to this matter.

Emphasis of Matter – restated comparative information
We draw attention to Note 14 to the financial statements, which explains that certain comparative information presented for the period ended June 30, 2022, has been restated. Our conclusion is not modified in respect of this matter.

Grant Thornton LLP

New Glasgow, Canada
July 31, 2024

Chartered Professional Accountants

3284906 Nova Scotia Limited
Statement of Income and Retained Earnings

Year ended June 30	2023	%	2022	%
Sales	**$ 10,656,960**		$ 11,293,031	
Cost of Sales (Schedule 1)	**5,823,971**	**55.11**	6,765,286	59.91
Gross Profit	**4,832,989**	**44.88**	4,527,745	40.09
Expenses (Schedule 2)	**4,790,711**	**44.63**	4,614,013	40.86
Income (Loss) before other income and income taxes	**42,278**		(86,268)	
Other items				
Rental	**216,000**		108,000	
Grants and subsidies	**30,746**		39,708	
Related party bad debt (Note 5)	**(324,000)**			
Impairment allowance on intercompany amounts (Note 8)	**(356,579)**		-	
	(433,833)		147,708	
(Loss) Income before income taxes	**(391,555)**		61,440	
Income taxes (Note 4)	**69,141**		4,533	
Net (Loss) income	**$ (460,696)**		$ 56,907	
Retained earnings – beginning of year	**$ 3,051,237**		$ 2,994,330	
Net (Loss) income	**(460,696)**		56,907	
Retained earnings – end of Year	**$ 2,590,541**		$ 3,051,237	

See accompanying notes and schedules to the financial statements.

3284906 Nova Scotia Limited
Balance Sheet

Year ended June 30

	2023	2022 Restated (Note 13)
Assets		
Current		
Accounts receivable (Note 5)	$ **1,073,615**	$ 1,039,532
Inventory (Note 6)	**2,602,714**	2,808,822
Prepaid expenses	**269,757**	45,026
	3,946,086	3,893,380
Property, plant and equipment (Note 7)	**4,088,691**	4,608,945
Due from related parties (Note 8)	**2,069,411**	1,749,665
Investment Tax credits	**86,451**	134,335
	$ **10,190,639**	$ 10,386,325
Liabilities		
Current		
Bank indebtedness (Note 9)	$ **1,610,715**	$ 1,188,166
Accounts payable (Note 10)	**2,171,449**	1,636,719
Income taxes payable	**85,823**	68,802
Demand loans (Note 11)	**2,504,400**	498,735
Current portion of long-term debt (Note 12)	**729,738**	96,829
	7,102,125	3,489,252
Callable debt (Note 11)	**-**	2,626,633
	7,102,125	6,115,885
Due to related parties (Note 8)	**169,092**	100,499
Long-term debt (Note 12)	**205,979**	995,803
	7,477,196	7,212,187
Shareholders' equity		
Share capital (Note 13)	**2**	2
Contributed surplus	**122,900**	122,900
Retained earnings	**2,590,541**	3,051,237
	2,713,443	3,174,139
	$ **10,190,639**	$ 10,386,325

Contingencies (Note 15)
Guarantees (Note 16)
Capital management (Note 18)
Comparative figures (Note 19)

On Behalf of the Board

_____ Director

_____ Director

See accompanying notes and schedules to the financial statements.

3284906 Nova Scotia Limited
Statement of Cash Flows

Year ended June 30

		2023		2022
Operating				
Net (Loss) income	$	**(460,696)**		56,907
Item not affecting cash:				
Impairment allowance on intercompany amounts		**356,579**		
Amortization of property, plant and equipment		**716,543**		908,725
		612,426		965,632
Change in non-cash working capital				
Accounts receivable		**(34,083)**		1,272,238
Inventory		**206,108**		224,475
Prepaid expenses		**(224,731)**		179,599
Payables and accruals		**534,730**		(455,157)
Income taxes payable		**17,021**		-
		1,111,471		2,186,787
Financing				
Proceeds of callable debt		**-**		341,491
Repayment of callable debt		**(620,968)**		(521,132)
Proceeds of long-term debt		**-**		263,076
Repayment of long-term debt		**(156,915)**		(104,496)
		(777,883)		(21,061)
Investing				
Advances to shareholders		**-**		(57,730)
Advances to related parties		**(607,732)**		(1,285,774)
Purchase of property, plant and equipment		**(200,480)**		(333,089)
Proceeds on disposal of property, plant and equipment		**-**		50,000
Investment tax credits earned		**4,188**		(1,009)
Investment tax credits receivable		**47,884**		-
		(756,140)		(1,627,602)
Increase (decrease) in cash (bank indebtedness)		**(422,549)**		538,124
Bank indebtedness				
Beginning of year		**(1,188,166)**		(1,726,290)
End of year	$	**(1,610,715)**	$	(1,188,166)

See accompanying notes and schedules to the financial statements.

1. Nature of operations

3284906 Nova Scotia Limited (the "company") was incorporated provincially under the Companies Act of Nova Scotia on November 26, 2014. The company's principal business activity is the production and distribution of alcoholic beverages.

2. Going Concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

However, several adverse conditions may cast significant doubt on this assumption. The Company has been a significant source of financing for companies under common control, primarily through advances provided from working capital and proceeds on the Company's credit facilities, and has cross guaranteed the debt obligations of these related parties (Note 16). The Company is in violation of its lending covenants, which is calculated on a group basis with certain related parties (Note 18); therefore, these obligations are classified as current liabilities and result in a working capital deficiency of $3,156,039 as at June 30, 2023.

The Company's ability to continue as a going concern is dependent upon securing replacement operating and long-term financing. Management is focused on actively seeking external financing, including discussions with its current lender and other sources, and improving the results from operations in certain entities under common control. While the Company has been successful in securing financing in the past, has positive cash flows from operations, and has seen improvements and stabilization in the results of operations of its related parties, there is no certainty that management will be able to resolve these matters. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they come due.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

3. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements have been prepared on an accrual basis of accounting primarily using the historical cost basis of measurement. In limited circumstances, where specifically mentioned in the respective accounting policies, other bases of measurement have been used.

Cash and cash equivalents

The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Inventory

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventories. The costs of conversion include costs directly related to units of production, such as direct labour and a systematic allocation of fixed and variable overheads incurred in converting materials to inventory.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable variable selling costs.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically, and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include doubtful accounts, obsolete inventory provision, asset useful life, related party balances and accounting accruals.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The following rates applied on a method as described below will apply the cost over the estimated useful lives of property, plant and equipment:

Buildings	4% declining balance
Equipment	20% declining balance
Vehicles	30% declining balance
Computer equipment	30% declining balance
Other machinery and equipment	20% declining balance
Furniture and fixtures	20% declining balance
Tools and dies	20% declining balance
Leasehold improvements	4% declining balance
Fences	10% declining balance

Investment tax credits

Investment tax credits on property and equipment purchased are deducted from the cost of the assets.

3. Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognized at the time of delivery of the product to the customers, upon customer acceptance. This point in time coincides with the point at which all performance obligations have been completed, including that all significant acts are complete, the Company retains no continuing managerial involvement in, or effective control of the goods transferred, persuasive evidence of an arrangement exits, the price is fixed or determinable, and collectability is reasonably assured. Amounts received from customers in advance of delivery are classified as unearned revenue, regardless of whether or not the amount is refundable. Revenue is recorded net of discounts and returns. Shipping revenue charges are recognized at the time of shipment.

Financial instruments

The Company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Company accounts for the following as financial instruments:

- cash and cash equivalents (bank indebtedness
- accounts receivable
- due from shareholders
- due from related parties
- long-term debt
- demand loans

A financial asset or liability is recognized when the Company becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Company removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

3. Summary of significant accounting policies (continued)

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Company does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Company initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Company has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

Income taxes

The Company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary difference and no recognition of the benefit of income tax losses carried forward. As a result, the Company's income tax expense varies for the amount that would otherwise result from the application of the statutory income tax rates set out in Note 4.

4. Income taxes

The income tax provision recorded in the financial statement differs from the amount which would be obtained by applying the statutory income tax rate of 29.00% (2022 - 29.00%) to the income for the year and is reconciled as follows:

	2023	2022
(Loss) Income for the year before taxes	$ (391,555)	$ 61,440
Anticipated income tax	$ (113,550)	$ 17,818
Tax effect of the following:		
Impairment allowance	103,408	-
Small business deduction	(83,918)	-
Carryforward of donations	-	(4,325)
Benefit of income tax losses not recognized	-	(180,898)
Amortization in excess of CCA	143,312	148,831
Non-deductible expenses	19,889	23,107
Income tax expense (recovery)	$ 69,141	$ 4,533

5. Accounts receivable

	2023	2022
Accounts receivable	$ 933,214	$ 905,321
Insurance receivable	109,853	109,853
Income tax receivable	-	48
Intercompany rent receivable	372,600	-
Other	30,548	24,310
Allowance for doubtful accounts (Related Party)	(372,600)	-
	$ 1,073,615	$ 1,039,532

6. Inventory

	2023	2022
Packaging	$ 1,584,210	$ 1,809,584
Raw material	488,702	206,505
Finished product	400,680	683,500
Merchandise	129,122	109,233
	$ 2,602,714	$ 2,808,822

7. Property, plant and equipment

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	$ 192,500	$ -	**$ 192,500**	$ 192,500
Buildings	2,439,472	426,297	**2,013,175**	2,039,152
Vehicles	490,134	335,753	**154,381**	220,545
Paving	99,149	9,955	**89,194**	12,116
Furniture & fixtures	182,930	87,755	**95,175**	129,599
Leasehold improvements	201,882	28,011	**173,871**	184,969
Computer equipment	96,279	58,076	**38,203**	50,233
Machinery and Equipment	3,609,257	2,289,445	**1,319,812**	1,768,009
Fences	7,900	1,352	**6,548**	4,532
Tools and dies	12,782	6,950	**5,832**	7,290
	$ 7,332,285	$ 3,243,594	**$ 4,088,691**	$ 4,608,945

8. Due to/from related parties and related company transactions

a) The company had the following transactions made in the normal course of business with companies that exercise significant influence, that are recorded at the exchange amount of consideration established and agreed to by the related parties.

	2023	2022
Revenues		
Rental income	**$ 216,000**	$ 108,000
Packaging revenue	**258,027**	41,098
Sale of materials	**-**	132,218
Expenses		
Management and directors fees	**1,500,000**	590,288
Rent expense	**63,600**	57,900
Packaging	-	24,431

b) Due to related parties

Blue Ocean Management Limited	**$ 169,092**	$ -
Tradan Holdings Limited	**-**	100,499
	$ 169,092	$ 100,499

8. Due to/from related parties and related company transactions (continued)

c) Due from related parties

		2023		2022
3343533 Nova Scotia Limited	$	**1,207,675**		663,211
4318682 Nova Scotia Limited		**789,217**		351,467
Blue Ocean Hospitality Limited		**356,579**		20,549
Blue Lobster Capital Limited		**3,018**		38,656
Tradan Holdings Limited		**69,501**		-
3342963 Nova Scotia Limited		**-**		2,119
Blue Ocean Management Limited	$	**-**	$	673,663
	$	**2,425,990**	$	1,749,665
Impairment allowance		**(356,579)**		-
	$	**2,069,411**	$	1,749,655

9. Cash and cash equivalents (bank indebtedness)

		2023		2022

A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $2,000,000 (2022 - $2,000,000) of which $390,000 (2022 - $793,500) was available for use as at June 30, 2023 and bears interest at bank's prime lending rate plus 1% per annum. Royal Bank of Canada's prime interest rate at the year end was 6.95%.

Bank balances (overdraft net of cash)	$	**(715)**	$	18,334
Demand operating loan		**(1,610,000)**		(1,206,500)
	$	**(1,610,715)**	$	(1,188,166)

As security for the operating line of credit of $2,000,000 and a capital line of credit of $4,000,000, which $2,504,400 has been advanced, the Company has provided the following security:

i) General security agreement constituting a first ranking security interest in all personal property held by the Company
ii) Guarantee and postponements of claim from directors totalling $1,000,000
iii) Guarantee and postponements in the amount of $7,084,000 from 3343533 Nova Scotia Limited
iv) Guarantee and postponements in the amount of $7,084,000 from 3317427 Nova Scotia Limited
v) Guarantee and postponements in the amount of $7,084,000 from 4318682 Scotia Limited
vi) Mortgage security on properties located at 230 Foord Street in the amount of $812,500, Stellarton and 6264 Trafalgar Road, Riverton in the amount of $220,000

See Note 18 for additional information

10. Payables and accruals

Government remittances payable (other than income taxes) as of June 30, 2023 total $410,924 (2022 - $178,852) are included in payables and accruals.

11. Demand loans

	2023	2022
Royal Bank of Canada loan bearing interest at 3.08% per annum, repayable in monthly blended payments of $6,624, due on demand, amortized to July 2027.	$ **304,488**	$ 373,438
Royal Bank of Canada loan bearing interest at 2.57% per annum, repayable in monthly blended payments of $6,416 due on demand, amortized to December 2027.	**326,735**	394,381
Royal Bank of Canada loan bearing interest at 2.57% per annum, repayable in monthly blended payments of $10,737, due on demand, amortized to December 2027.	**547,110**	660,227
Royal Bank of Canada loan bearing interest at 2.58% per annum, repayable in monthly blended payments of $3,815, due on demand, amortized to February 2026.	**121,392**	163,461
Royal Bank of Canada loan bearing interest at 2.68% per annum, repayable in monthly blended payments of $6,840, due on demand, amortized to June 2026.	**236,328**	310,947
Royal Bank of Canada loan bearing interest at prime plus 9.2% per annum, repayable in monthly payments of $16,642, plus interest, due on demand, amortized to January 2025.	**505,297**	635,449
Royal Bank of Canada loan bearing interest at 9.2% per annum, repayable in monthly payments of $3,169, plus interest, due on demand, amortized to March 2027.	**139,441**	177,470
Royal Bank of Canada loan bearing interest at 9.2% per annum, repayable in monthly blended payments of $2,538, due on demand, amortized to February 2025.	**48,218**	78,672
Royal Bank of Canada loan bearing interest at prime plus 2% per annum, repayable in monthly blended payments of $6,906, due on demand, amortized to May 2026.	**275,391**	331,323
	2,504,400	3,125,368
Less current portion	**2,504,400**	498,735
	$ **-**	$ 2,626,633

11. Demand loans (continued)

Estimated principal repayments are as follows:

2024	$	2,504,400

RBC demand facilities (demand loans) are authorized in the amount of $4,000,000 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months. Security for the loans is as disclosed in Note 9.

See Note 18 for additional information

12. Long-term debt		**2023**	2022
Various Telus device non-interest-bearing loans repayable in monthly payments of $128, amortized to February 2024.	**$**	**1,025**	$4,072
Atlantic Canada Opportunities Agency loan bearing interest at prime plus 0.00 % per annum, repayable in monthly payments of $4,167, amortized to December 2028.		**224,998**	250,000
Vehicle loan repaid in the current year.		**-**	8,958
Mortgage loan bearing interest at prime plus 1.50% per annum, repayable in monthly payments of $6,376 plus interest, amortized to January 2030. As security, the company has pledged a building with a net book value of $1,001,359.		**498,123**	567,001
Royal Bank of Canada loan bearing interest at prime plus 3% per annum, repayable in monthly blended payments of $1,360, amortized to January 2030. As security, the Company has pledged a building with a net book value of $180,347.		**104,870**	120,182
Vehicle loan bearing interest at 0.00 % per annum, repayable in monthly blended payments of $586, amortized to June 2026. As security the Company has pledged a motor vehicle which has a net book value of $10,242.		**14,052**	21,078
Various vehicle loans bearing interest at 0.00 % per annum, repayable in monthly blended payments of $2,291, amortized to September 2025. As security, the Company has pledged motor vehicles with a net book value of $60,509.		**52,649**	81,341

12. Long-term debt (continued)	2023	2022
Canada Emergency Business Account The amount of $40,000 represents the unforgivable balance of the $60,000 interest-free loan received under the Government of Canada COVID response programs. A total of $20,000 is forgivable if the loan is fully paid by January 18, 2024. If the unforgiven portion of the loan is not fully paid by January 18, 2024, the entire principal will be repayable and will bear interest at 5% per annum beginning January 19, 2024. The loan is due in full December 31, 2025.	**40,000**	40,000
	935,717	1,092,632
Less current portion	**729,738**	96,829
	$ 205,979	$ 995,803

Estimated principal repayments are as follows:

2024	$ 729,979
2025	$ 78,278
2026	$ 52,709
2027	$ 50,002
2028	$ 24,990

See Note 18 for additional information

13. Share capital	2023	2022
Authorized:		
Unlimited common shares with no par value		
Issued		
200 common shares	**$ 2**	$ 2

14. Prior period adjustment

During the year, management determined that an intercompany balance was understated in 2020 by $191,702 due to an error in the estimate of proceeds on the sale of real property to a related party. The corresponding impact to 2020 current income tax expense and income taxes payable was an understatement of $68,802.

As a result of the errors, the following financial statement items as at June 30, 2023, have been increased (decreased) as follows:

	Previously reported	Adjustments	Restated
Balance sheet			
Due (to) from related parties	(302,170)	191,702	(110,468)
Income tax payable	-	(68,802)	(68,802)
Contributed surplus		122,900	122,900

15. Contingencies

The company is party to legal actions related to the following items:

The Company has an outstanding insurance matter related to a fire at its manufacturing facility in November 2018. Receivables include an amount of $109,853 representing the position of the insurance carrier which the Company is contesting.

The company has a current action against a supplier. The supplier has also filed a counter claim in the matter. Payables include an amount of $486,022 which represents the balance of supplier invoices under dispute.

16. Guarantees

The company has guaranteed the loans of 3343533 Nova Scotia Limited, a company under common control, to a maximum of $2,250,000. As at June 30, 2023 3343533 Nova Scotia Limited had $1,211,251 of loans outstanding to which the guarantee applies.

The company has guaranteed the loans of 4318682 Nova Scotia Limited, a company under common control, to a maximum of $2,600,000. As at June 30, 2023 4318682 Nova Scotia Limited had $1,330,950 loans outstanding to which the guarantee applies.

17. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at June 30, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its receivables. The entity provides credit to its clients in the normal course of its operations. The Company reduces its exposure to credit risk by performing credit valuation on a regular basis including creating an allowance for doubtful accounts when applicable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its long-term debt, payables and accruals and note payables. The Company reduces its exposure to credit risk by maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as it becomes due. Note 2 provides additional detail on the liquidity of the company.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt, fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

18. Capital management

The terms of the credit facilities with the Royal Bank require that the Company maintain certain financial and reporting covenants. As at the year ended June 30, 2022, the Company was not in compliance with its financial covenants and as a result were moved into special loans on May 25, 2023. However, a waiver was received from the lender and as a result the amounts due were classified as long-term as at June 30, 2022, except for the demand facilities. Subsequent to the year ended June 30, 2023, the Company received a Letter of Forbearance and was subject to cashflow monitoring during the forbearance period which ended May 18, 2024. The Company continues not to be in compliance with its financial covenants and remains in special loans with the Royal Bank. As a result, all amounts outstanding with the Royal Bank are on a demand basis and have been classified as current liabilities.

19. Comparative figures

Certain comparative figures have been adjusted to conform to changes in the current year presentation.

3284906 Nova Scotia Limited
Schedules to the Financial Statements
Year ended June 30, 2023

Schedule of cost of sales — **Schedule 1**

	2023	2022
Business taxes	$ 512,829	$ 376,304
Freight in and duty	483,893	265,458
Purchases	4,082,619	5,251,667
Rentals	2,033	3,874
Shipping	10,965	22,784
Supplies	75,459	86,366
Trades and sub-contracts	1,288	7,244
Wages and benefits	654,885	751,589
	$ 5,823,971	$ 6,765,286

Schedule of expenses — **Schedule 2**

	2023	2022
Accounting and legal fees	$ 28,546	$ 34,309
Advertising and promotion	449,973	397,421
Amortization	716,543	908,725
Bad debts	2,697	3,763
Consulting fees	2,240	58,225
Contract service	221,833	212,101
Director's fees	-	120,000
Donations	3,531	14,278
Insurance	56,501	71,884
Interest and bank charges	177,632	98,541
Interest on income taxes	16,742	17,870
Interest on long-term debt	189,890	131,475
Management fees and bonuses	1,500,000	690,288
Meals and entertainment	103,681	116,602
Office	118,875	109,058
Property taxes	30,798	31,856
Rental	162,194	204,909
Repairs and maintenance	210,785	133,623
Security	3,935	6,018
Subscriptions, permits and licenses	7,171	14,550
Telephone	22,264	20,722
Travel and automotive	245,255	198,946
Utilities	176,844	172,716
Wages and benefits	342,781	846,133
	$ 4,790,711	$ 4,614,013

Grant Thornton

Financial Statements

3343533 Nova Scotia Limited (Operating as Lost Bell Winery)

June 30, 2023

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Independent Practitioner's Review Engagement Report

Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

To the shareholders of 3343533 Nova Scotia Limited (Operating as Lost Bell Winery)

We have reviewed the accompanying financial statements of 3343533 Nova Scotia Limited (Operating as Lost Bell Winery) that comprise the balance sheet as at June 30, 2023, and the statements of loss and deficit, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of 3343533 Nova Scotia Limited (Operating as Lost Bell Winery) as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements which describes events or conditions that indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern. Our conclusion is not modified with respect to this matter.

Grant Thornton LLP

New Glasgow, Canada
July 31, 2024

Chartered Professional Accountants

3343533 Nova Scotia Limited (Operating as Lost Bell Winery)

Statement of Loss and Deficit

June 30	2023	%	2022	%
Sales	**$ 326,227**		$235,663	
Cost of sales (Schedule 1)	**219,173**	**67.09**	114,441	48.56
Gross profit	**107,054**	**32.90**	121,222	51.44
Expenses (Schedule 2)	**287,586**	**87.97**	213,153	90.45
Loss before other income	**(180,532)**		(91,931)	
Other Income				
Gain on disposal of property, plant and equipment	**-**		19,725	
Government grants	**2,500**		10,375	
	2,500		30,100	
Net loss	**$ (178,032)**		$ (61,831)	
Deficit, beginning of year	**$ (122,759)**		$ (60,928)	
Net loss	**(178,032)**		(61,831)	
Deficit, end of year	**$ (300,791)**		$ (122,759)	

3343533 Nova Scotia Limited (Operating as Lost Bell Winery)
Balance Sheet

June 30		2023		2022
Assets				
Current				
Accounts receivable	$	**1,582**		41,200
Inventory (Note 5)		**386,634**		359366
Income taxes recoverable		**2,194**		1,533
Harmonized sales tax receivable		**16,082**		10,831
Prepaid expenses		**30,640**		8,640
		437,132		421,570
Property, plant and equipment (Note 7)		**1,307,832**		1,387,033
Biological assets (Note 8)		**158,767**		158,767
Inventory (Note 5)		**498,796**		292,729
Due from related parties (Note 6)		**-**		5,195
Investment tax credits		**3,798**		2,298
	$	**2,406,325**	$	2,267,592
Liabilities				
Current				
Bank indebtedness (Note 9)	$	**162,295**	$	185,783
Payables and accruals (Note 10)		**65,772**		62,196
Demand loans (Note 11)		**65,270**		14,580
Current portion of long-term debt (Note 12)		**1,037,792**		78,917
Unearned revenue		**200**		2,680
Due to shareholder, non-interest bearing, no set terms of repayment, unsecured		**1,790**		1,790
		1,333,119		345,946
Callable debt (Note 11)		**-**		65,270
		1,333,119		411,216
Due to related parties (Note 6)		**1,207,675**		772,285
Long-term debt (Note 12)		**166,112**		1,206,640
		2,706,906		2,390,141
Shareholders' deficiency				
Share capital (Note 13)		**210**		210
Deficit		**(300,791)**		(122,759)
		(300,581)		(122,549)
	$	**2,406,325**	$	2,267,592

Guarantees (Note 14)
Capital management (Note 16)

On Behalf of the Board

_____ Director _____ Director

3343533 Nova Scotia Limited (Operating as Lost Bell Winery)
Statement of Cash Flows

Year ended June 30	2023	2022
Decrease (increase) in bank indebtedness		
Operating		
Net loss	$ (178,032)	$ (61,831)
Item not affecting cash:		
Amortization of property, plant and equipment	132,846	138,803
Gain on disposal of property, plant and equipment	-	(19,725)
	(45,186)	57,247
Change in non-cash working capital		
Accounts receivable	39,618	(29,934)
Inventory	(233,335)	(235,047)
Prepaid expenses	(22,000)	812
Payables and accruals	3,575	18,724
Income taxes recoverable	(661)	(1,195)
Deferred income	(2,480)	(1,115)
Harmonized sales tax recoverable	(5,251)	26,640
	(265,720)	(163,868)
Investing		
Purchase of property, plant and equipment, net of Investment tax credits	(53,644)	(98,757)
Proceeds on disposal of property, plant and equipment	-	72,000
Investment tax credits earned	(1,500)	(1,791)
	(55,144)	(28,548)
Financing		
Advances from related parties	440,585	218,579
Proceeds from callable debt financing	-	22,636
Repayment of callable debt	(14,580)	(12,729)
Repayment of long-term debt	(81,653)	(76,120)
	344,352	152,366
Decrease (increase) in bank indebtedness	23,488	(40,050)
Bank indebtedness		
Beginning of year	(185,783)	(145,733)
End of year	$ (162,295)	$ (185,783)

1. Nature of operations

3343533 Nova Scotia Limited (operating as Lost Bell Winery) was incorporated under the Business Corporations Act of Nova Scotia on December 21, 2020. The company is primarily engaged in the operation of a vineyard as well as the production and distribution of domestic wine.

2. Going Concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

However, several adverse conditions may cast significant doubt on this assumption. The Company has been a recipient of significant financing from a company under common control, primarily through advances provided from proceeds on that Company's credit facilities, and has cross guaranteed the debt obligations of these related parties (Note 14). The Company is in violation of its lending covenants, which is calculated on a group basis with certain related parties (Note 16); therefore, these obligations are classified as current liabilities and result in a working capital deficiency of $895,987 as at June 30, 2023.

The Company's ability to continue as a going concern is dependent upon securing replacement operating and long-term financing. Management is focused on actively seeking external financing, including discussions with its current lender and other sources, and improving the results from operations in certain entities under common control. While the Company has been successful in securing financing in the past, has positive cash flows from operations, and has seen improvements and stabilization in the results of operations of its related parties, there is no certainty that management will be able to resolve these matters. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they come due.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

3. Change in accounting policy

The Canadian Accounting Standards Board issued new Section 3041 Agriculture, which sets out the principles for the recognition, measurement and disclosure of agricultural inventories and productive biological assets. The new guidance applies to transactions and events related to agricultural production, including the purchase of the harvested product of biological assets for use in agricultural production.

The Company adopted the amendments as at July 1, 2022 and applied the new guidance retrospectively. The Company did not apply any of the permitted transition provisions.

The Company adopted the requirements of Section 3041, AGRICULTURE, relating to the measurement and disclosures of agricultural inventories and biological assets.

Under these new requirements, agricultural inventories are measured using either the cost model (full cost or only input costs) or the net realizable value model (when specific conditions are met). Biological assets are managed on a collective basis to maintain their collective productive capacity indefinitely.

3. Change in accounting policy (continued)

Productive biological assets of this type are considered to have an indefinite useful life and are not subject to amortization.

These new requirements, which apply to annual financial statements relating to fiscal years beginning on or after January 1, 2022, were applied retrospectively with a restatement of its prior period financial statements as at July 1, 2022, and to the disclosures described in Note 7 to the financial statements. As a result of the adoption of Section 3041, the prior year's comparative figures have been restated as follow:

The adoption of these amendments had the following impacts on the Company's financial statements in the prior period:

Balance sheet:

Assets	June 30, 2022 (as stated)	Adjustment	June 30, 2022 (Amended)
Property, plant and equipment	1,545,800	(158,767)	1,387,033
Biological assets	-	158,767	158,767

4. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements have been prepared on an accrual basis of accounting primarily using the historical cost basis of measurement. In limited circumstances, if specifically mentioned in the respective accounting policies, other bases of measurement may have been used.

Cash and cash equivalents

The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Inventory

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventories. The costs of conversion include costs directly related to the units of production, such as direct labour and a systematic allocation of fixed and variable overheads incurred in converting materials into inventory.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable variable selling costs.

Agricultural Inventory

The Company measures its unharvested grapes, which are items of agricultural inventory, using the cost model, which requires that the items be measured at the lower of cost and net realizable value.

The Company measures the cost of its agricultural inventory using the only input costs method. Therefore, the cost of agricultural inventory includes the supplies associated to grow unharvested grapes, and the

4. Summary of significant accounting policies (continued)

cost of direct labour, only to the extent the cost of direct labour is readily determinable and directly related to the items of agricultural inventories produced. All other costs incurred to develop agricultural inventory which are excluded from the cost are expensed in the period in which they are incurred.

Agricultural inventories are written down to net realizable value when the cost of agricultural inventories is not estimated to be recoverable. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The cost of agricultural inventories may not be recoverable if the quality has deteriorated over time, they have perished due to climate conditions, disease or natural disaster, if their selling prices have declined and/or their estimated costs of completion of the estimated costs to be incurred to make the sale have increased. The amount of any write-downs of agricultural inventories to net realizable value and all losses of agricultural inventories are recognized as an expense, and included in cost of sales, in the period the write-down or loss occurs.

If and when the circumstances that previously caused the agricultural inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of a changed economic circumstance, the amount of write-down is reversed in the period of change. The amount of any reversal of write-down of agricultural inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of agricultural inventories expensed in the period in which the reversal occurs. The reversal is limited to the amount of the original write-down.

Productive Biological Assets

The Company measures its productive biological assets at cost less, where applicable, any accumulated amortization and impairment losses.

The cost of productive biological assets includes all costs that are directly attributable to the acquisition, development and betterment of the assets. Alternatively, costs incurred to maintain and/or repair a productive biological asset are expensed as incurred.

The Company manages its vines on a collective basis to maintain their productive capacity indefinitely. Productive biological assets of this type are considered to have an indefinite useful life and are not subject to amortization. Instead, each group of productive biological assets that are managed on a collective basis are tested for impairment, as a group, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss equal to the amount by which the carrying amount of the group of productive biological assets exceeds the fair value is recognized in net income. If the fair value of the group subsequently increases the impairment loss is not reversed.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

The following rates applied on a method as described below will apply the cost over the estimated useful lives of property, plant and equipment:

Buildings	4% declining balance
Equipment	20% declining balance
Vehicles	30% declining balance
Computer equipment	30% declining balance
Other machinery and equipment	20% declining balance
Well	8% declining balance

4. Summary of significant accounting policies (continued)

Use of estimates
Management reviews the carrying amounts of items in the financial statements at each balance sheet date asses thee need for revision or any possibility of impairment. Many of the items in the financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts, obsolete inventory provision, asset useful life and accounting accruals.

Investment tax credit
Investment tax credits on property, plant and equipment are deducted from the cost of the assets.

Revenue recognition
Revenue is recognized at the time of delivery of the product to the customers, upon customer acceptance. This point in time coincides with the point at which all performance obligations have been completed, including that all significant acts are complete, the Company retains no continuing managerial involvement in, or effective control of the goods transferred, persuasive evidence of an arrangement exits, the price is fixed or determinable, and collectibility is reasonably assured. Amounts received from customers in advance of delivery are classified as unearned revenue, regardless of whether or not the amount is refundable. Revenue is recorded net of discounts and returns. Shipping revenue charges are recognized at the time of shipment.

Financial instruments
The Company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Company accounts for the following as financial instruments:

- cash and cash equivalents (bank indebtedness)
- accounts receivable
- due to shareholder
- payables and accruals
- due to or from related parties
- demand loans
- long-term debt

A financial asset or liability is recognized when the Company becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Company removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

4. Summary of significant accounting policies (continued)

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Company does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Company initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Company has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

Demand loans
The company's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

Income taxes
The Company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary difference and no recognition of the benefit of income tax losses carried forward.

5. Inventory	**2023**	2022
Current assets		
Finished goods	**$ 137,932**	$ 125,169
Wine in progress	**175,000**	175,000
Supplies	**73,701**	59,197
	$ 386,634	$ 359,366
Long term asset		
Wine in progress	**$ 498,796**	$ 292,729

6. Due to/from related parties and related company transactions

a) The company had the following transactions made in the normal course of business with companies that exercise significant influence, that are recorded at the exchange amount of consideration established and agreed to by the related parties.

	2023	2022
Revenue – Product sales	**$ 11,710**	$ 1,350
Expenses		
Management fees	**60,000**	28,864
Packaging	**15,683**	-

b) Due to related parties

	2023	2022
3284906 Nova Scotia Limited	**$ (1,207,675)**	$ (663,211)
Blue Ocean Management Limited	**-**	(72,186)
Blue Lobster Capital Limited	**-**	(35,017)
Blue Ocean Hospitality Limited	**-**	(1,871)
	$ (1,207,675)	$ (772,285)

c) Due from related parties

	2023	2022
4318682 Nova Scotia Limited	$ -	$ 5,195

7. Property, plant and equipment

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	$ 259,939	$ -	**$ 259,939**	$ 259,939
Buildings	651,410	64,092	**587,318**	611,790
Equipment	664,891	259,538	**405,353**	490,411
Motor vehicles	31,420	18,334	**13,086**	18,695
Computer equipment	973	146	**827**	-
Furniture & fixtures	8,530	3,282	**5,248**	6,198
Well	37,390	1,329	**36,061**	-
	$ 1,654,553	$ 346,721	**$ 1,307,832**	$ 1,387,033

8. Biological assets

The carrying amount and quantity of each type of productive biological asset that is not amortized is as follows:

		2023		2022
Vines	$	158,767	$	158,767

The Company has 16 (2022 – 16) acres of land with grape vines.

In February 2023, a flash freeze damaged some of the grape vines. The total amount of damage is undeterminable at this point. The company may also be eligible for government funding and insurance proceeds to assist with the costs to replant any damaged vines from this weather incident.

9. Bank indebtedness

A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $200,000 (2022 - $200,000) of which $35,000 (2022 - $10,000) was available for use as at June 30, 2023 and bears interest at bank's prime plus 1% per annum. The Royal Bank of Canada's prime rate at the year end was 6.95% (2022 - 3.70%)

		2023		2022
Cash	$	2,705	$	4,217
Bank indebtedness		(165,000)		(190,000)
	$	(162,295)	$	(185,783)

As security for the operating line of credit of $200,000 and a capital line of $1,000,000 of which $65,270 (2022 - $79,849) has been advanced, the Company has provided the following security:

(i) General security agreement signed by the borrower constituting a first security interest in all personal property of the borrower;

(ii) General security agreement signed by 3284906 Nova Scotia Limited and 4318682 Nova Scotia Limited constituting a first ranking security interest in all personal property;

(iii) Guarantee and postponements in the amount of $2,600,000 from 4318682 Nova Scotia Limited;

(iv) Guarantee and postponements in the amount of $2,600,000 from 3284906 Nova Scotia Limited;

(v) Mortgage security in the amount of $812,500 on property located at 230 Foord Street, Stellarton, Nova Scotia;

(vi) Mortgage security in the amount of $1,050,000 on property located at 11 Dudley Park Lane, Falmouth, Nova Scotia

See Note 16 for additional information.

10. Payables and accruals

Government remittances payable (other than income taxes) as of June 30, 2023 total $5,464 (2022 - $4,172) are included in payables and accruals.

11. Demand loans		2023		2022
Callable term loan repayable in equal monthly instalments of $850 plus interest at prime plus 1.75% per annum, commencing May 2021, due on demand, amortized to May 2028.	$	**50,216**	$	60,420
Callable term loan repayable in equal monthly instalments of $405 including interest at 2.77% per annum, commencing October 2021, due on demand, and amortized to October 2026.		**15,054**		19,430
		65,270		79,850
Less current portion		**65,270**		14,580
	$	**-**	$	65,270

RBC demand facilities (callable debt) are authorized in the amount of $1,000,000 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months. Security for the loans is as disclosed in Note 9.

Estimated principal repayments are as follows:

2024	$	65,270

See Note 16 for additional information.

12. Long-term debt		2023		2022
Mortgage bearing interest at 3.62% per annum, repayable In monthly payments of $5,297 including interest, maturing February 2025, amortized to February 2046. Security is outlined in Note 9.	$	**980,981**	$	1,008,588
Promissory note bearing interest at 0.00% per annum, repayable in monthly payments of $5,556, amortized to February 2027. The original amount of the loan of $400,000 has been discounted using a rate of 5% to reflect the interest free terms of the loan. Over time the loan is being accreted using a discount rate back to face value over the term of the loan. The loan is secured by a second mortgage on land and building with a net book value of which has a carrying value of 807,984.		**222,923**		276,969
		1,203,904		1,285,557
Less current portion		**1,037,792**		78,917
	$	**166,112**	$	1,206,640

Estimated principal repayments are as follows:

2024	$	1,037,792
2025	$	59,717
2026	$	62,772
2027	$	43,623

See Note 16 for additional information.

13. Share capital	2023	2022
Authorized:		
Unlimited common shares with no par value		
Issued		
21,000 common shares	$ 210	$ 210

14. Guarantees

The company has guaranteed the loans of 4318682 Nova Scotia Limited, a company under common control, to a maximum of $2,600,000. As at June 30, 2023 4318682 Nova Scotia Limited had $1,330,950 loans outstanding to which the guarantee applies.

The company has guaranteed the loans of 3284906 Nova Scotia Limited, a company under common control, to a maximum of $7,032,500 As at June 30, 2023 3284906 Nova Scotia Limited had $4,717,393 of loans outstanding to which the guarantee applies.

15. Financial Instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at June 30, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its receivables. The entity provides credit to its clients in the normal course of its operations. The Company reduces its exposure to credit risk by performing credit valuation on a regular basis including creating an allowance for doubtful accounts when applicable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its long-term debt, payables and accruals and note payables. The Company reduces its exposure to credit risk by maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as it becomes due. Note 2 provides additional detail on the liquidity of the company.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt, fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

16. Capital management

The terms of the credit facilities with the Royal Bank require that the Company maintain certain financial and reporting covenants. As at the year ended June 30, 2022, the Company was not in compliance with its financial covenants and as a result were moved into special loans on May 25, 2023. However, a waiver was received from the lender and as a result the amounts due were classified as long-term as at June 30, 2022, except for the demand facilities. Subsequent to the year ended June 30, 2023, the Company received a letter of demand and an agreement of forbearance and was subject to cashflow monitoring during the forbearance period which ended May 18, 2024. The Company continues not to be in compliance with its financial covenants and remains in special loans with the Royal Bank. As a result, all amounts outstanding with the Royal Bank are on a demand basis and have been classified as current liabilities.

3343533 Nova Scotia Limited (Operating as Lost Bell Winery)
Schedules to the Financial Statements
June 30, 2023

Schedule of cost of sales **Schedule 1**

	2023	2022
Opening inventory	$ **652,095**	$ 417,048
Amortization	**100,759**	103,950
Direct labour	**168,602**	155,571
Equipment rentals	**15**	1,890
Freight	**-**	1,988
Purchases	**156,226**	10,124
Permits	**4,963**	1,850
Repairs and maintenance	**5,231**	22,707
Supplies	**14,714**	47,352
Vehicle	**1,998**	4,056
	1,104,603	766,536
Ending inventory	**(885,430)**	(652,095)
	$ **219,173**	$ 114,441

Schedule of expenses **Schedule 2**

	2023	2022
Advertising and promotion	$ **9,439**	$ 4,831
Amortization	**32,087**	34,853
Bad debts	**-**	149
Business taxes, licenses and memberships	**7,978**	5,332
Delivery, freight and express	**9,314**	4,627
Insurance	**15,996**	15,903
Interest and bank charges	**15,914**	11,002
Interest on long term debt	**55,835**	50,876
Management fees	**60,000**	26,864
Meals and entertainment	**92**	121
Office	**2,525**	1,953
Professional fees	**19,486**	5,381
Property taxes	**7,204**	3,223
Repairs and maintenance	**5,617**	6,192
Research and development	**-**	10,500
Security	**-**	327
Supplies	**-**	345
Travel	**11,734**	71
Utilities	**12,338**	9,555
Vehicle	**805**	2,943
Salaries and wages	**21,222**	18,105
	$ **287,586**	$ 213,153

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Financial Statements

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)

June 30, 2023

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Grant Thornton

Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

Independent Practitioner's Review Engagement Report

To the shareholders of 4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)

We have reviewed the accompanying financial statements of 4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) that comprise the balance sheet as at June 30, 2023, and the statements of loss, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of 4318682 Nova Scotia Limited as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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Emphasis of matter

We draw attention to Note 2 in the financial statements which describes events or conditions that indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern. Our conclusion is not modified with respect to this matter.

Grant Thornton LLP

New Glasgow, Canada
July 31, 2024

Chartered Professional Accountants

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4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)

Statement of Loss and Retained Earnings

June 30	2023	%	2022	%
Sales				
Cider sales	$ 1,658,299		$ 1,227,913	
Cider Club	76,550		79,746	
Merchandise sales	59,073		58,970	
	1,793,922		1,366,629	
Cost of sales (Schedule 1)	1,048,646	58.4%	653,774	47.8%
Gross profit	745,276	41.6%	712,855	52.2%
Expenses (Schedule 2)	772,270	43.0%	648,478	47.5%
(Loss) income before other income and income taxes	(26,994)		64,377	
Other income				
Grants and subsidies	3,698		20,208	
(Loss) income before income taxes (recovered)	(23,296)		84,585	
Income taxes (recovered) (Note 4)	(6,444)		6,444	
Net (loss) income	$ (16,852)		$ 78,141	
Retained earnings (deficit) – beginning of year	$ 59,715		$ (18,426)	
Net (loss) income	(16,852)		78,141	
Retained earnings – end of year	$ 42,863		$ 59,715	

See accompanying notes and schedules to the financial statements

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Balance Sheet

June 30	2023	2022
Assets		
Current		
Accounts receivable	$ 98,584	$ 36,283
Inventory (Note 5)	467,384	396,418
Income taxes recoverable	1,651	-
Subscriptions receivable	210	210
	567,829	432,911
Property, plant and equipment (Note 6)	1,268,349	1,347,829
Goodwill	630,366	630,366
Due from related parties (Note 9)	10,000	-
Investment Tax credits	16,601	11,826
	$ 2,493,145	$ 2,422,932
Liabilities		
Current		
Bank indebtedness (Note 7)	$ 175,500	$ 118,697
Accounts payable and accrued liabilities (Note 8)	329,708	172,438
Income taxes payable	-	2,819
Unearned revenue	14,697	13,525
Demand loans (Note 10)	101,902	70,207
Current portion of long-term debt (Note 11)	940,360	284,318
Current portion of capital lease obligation (Note 12)	98,688	61,111
	1,660,855	723,115
Callable debt (Note 10)	-	94,537
	1,660,855	817,652
Due to related parties (Note 9)	789,217	506,465
Long-term debt (Note 11)	-	940,206
Capital lease obligation (Note 12)	-	98,685
	2,450,072	2,363,008
Shareholders' equity		
Share capital (Note 13)	210	210
Retained earnings	42,863	59,715
	43,073	59,925
	$ 2,493,145	$ 2,422,933

Capital management (Note 15)
Guarantees (Note 16)

On behalf of the board

_____ Director _____ Director

See accompanying notes and schedules to the financial statements

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Statement of Cash Flows

Year ended June 30	2023	2022
Increase (decrease) in bank indebtedness		
Operating		
Net (loss) income	$ (16,852)	$ 78,141
Item not affecting cash:		
Amortization	96,721	113,705
	79,869	191,846
Change in non-cash working capital		
Accounts receivable	(62,301)	(17,761)
Inventory	(70,966)	(140,984)
Accounts payable and accrued liabilities	157,270	48,023
Unearned revenue	1,172	2,057
Taxes payable	(3,996)	(1,218)
	101,048	81,963
Investing		
Purchase of property, plant and equipment, net of Investment tax credits earned	(17,241)	(6,561)
Goodwill	-	3,344
Investment tax credits (earned) applied	(5,249)	2,896
	(22,490)	(321)
Financing		
Advances from related parties	272,752	453,630
Repayment of callable debt	(62,841)	(95,817)
Repayment of long-term debt	(284,164)	(276,792)
Repayment of obligations under capital lease	(61,108)	(58,805)
	(135,361)	22,216
(Increase) decrease in bank indebtedness	(56,803)	103,858
Bank indebtedness		
Beginning of year	(118,697)	(222,555)
End of year	$ (175,500)	$ (118,697)

See accompanying notes and schedules to the financial statements

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Notes to the Financial Statements
June 30, 2023

1. Nature of operations

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) was incorporated under the Business Corporation Act of Nova Scotia on June 7, 2021. The company is primarily engaged in the production and distribution of alcoholic beverages.

2. Going Concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

However, several adverse conditions may cast significant doubt on this assumption. The Company has been a recipient of significant financing from a company under common control, primarily through advances provided from proceeds on that Company's credit facilities, and has cross guaranteed the debt obligations of these related parties (Note 16). These obligations have been fully accrued in these financial statements. The Company is in violation of its lending covenants, which is calculated on a group basis with certain related parties (Note 15); therefore, these obligations are classified as current liabilities and result in a working capital deficiency of $1,093,026 as at June 30, 2023.

The Company's ability to continue as a going concern is dependent upon securing replacement operating and long-term financing. Management is focused on actively seeking external financing, including discussions with its current lender and other sources, and improving the results from operations in certain entities under common control. While the Company has been successful in securing financing in the past, has positive cash flows from operations, and has seen improvements and stabilization in the results of operations of its related parties, there is no certainty that management will be able to resolve these matters. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they come due.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

3. Significant accounting policies

Basis of presentation
The Company has prepared these financial statements in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements have been prepared on an accrual basis of accounting primarily using the historical cost basis of measurement. In limited circumstances, where specifically mentioned in the respective accounting policies, other bases of measurement may have been used.

Cash and cash equivalents
The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Inventory
The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise e. the

purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventories]. The costs of conversion include costs directly related to units of production, such as direct labour and a systematic allocation of fixed and variable overheads incurred in converting materials into inventory.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable variable selling costs.

Use of estimates
Management reviews the carrying amounts of items in the financial statements at each balance sheet date asses thee need for revision or any possibility of impairment. Many of the items in the financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts, obsolete inventory provision, asset useful life and accounting accruals.

Property, plant and equipment
Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

Property, plant and equipment (continued)
The following rates applied on a method as described below will apply the cost over the estimated useful lives of property, plant and equipment:

Buildings	4% declining balance method
Equipment	20% declining balance method
Vehicles	30% declining balance method
Computer equipment	30% declining balance method
Furniture and fixtures	20% declining balance method
Leasehold improvements	5% straight-line met

Investment tax credit
Investment tax credits on property, plant and equipment are deducted from the cost of the assets. Investment tax credits of $1,916 were earned in the current fiscal year.

3. Significant accounting policies (continued)

Revenue recognition

Revenue is recognized at the time of delivery of the product to the customers, upon customer acceptance. This point in time coincides with the point at which all performance obligations have been completed, including that all significant acts are complete, the Company retains no continuing managerial involvement in, or effective control of the goods transferred, persuasive evidence of an arrangement exits, the price is fixed or determinable, and collectability is reasonably assured. Amounts received from customers in advance of delivery are classified as unearned revenue, regardless of whether or not the amount is refundable. Revenue is recorded net of discounts and returns. Shipping revenue charges are recognized at the time of shipment.

Financial instruments

The Company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Company accounts for the following as financial instruments:

- cash and cash equivalents (bank indebtedness)
- accounts receivable
- due from shareholder
- due to/from related parties
- long-term debt
- callable debt
- obligations under capital lease

A financial asset or liability is recognized when the Company becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Company removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

3. Significant accounting policies (continued)

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Company does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Company initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Company has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

Income taxes
The Company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary difference and no recognition of the benefit of income tax losses carried forward. As a result, the Company's income tax expense varies for the amount that would otherwise result from the application of the statutory income tax rates set out in Note 4.

Callable debt
The company's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

4. Income taxes

The income tax provision recorded in the financial statement differs from the amount which would be obtained by applying the statutory income tax rate of 29.00% (2022 - 29.00%) to the income for the year and is reconciled as follows:

4. Income taxes (continued)

	2023	2022
(Loss) income for the year before income taxes	$ (23,296)	$ 84,585
Income tax expense at the combined basic federal and provincial tax rate:	$ (6,756)	$ 24,530
Increase (decrease) resulting from:		
Amortization in excess of CCA	13,198	13,906
Non-deductible expenses	1,081	930
Charitable donations carried forward	1,758	(2,722)
Charitable donations	-	967
Non-capital loss carried forward	1,996	(14,114)
Payments on capital leases	(17,721)	(17,053)
Income tax (recovered) expense	$ (6,444)	$ 6,444

For income tax purposes, the Company has non-capital losses which can be applied to reduce future years' taxable income. These losses expire as follows:

2041	$ 24,865
2043	6,891

5. Inventory

	2023	2022
Finished product	$ 199,331	$ 164,211
Packaging and raw materials	120,983	144,455
Work in progress	112,863	59,052
Merchandise	34,207	28,700
	$ 467,384	$ 396,418

6. Property, plant and equipment

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	$ 50,000	$ -	$ 50,000	$ 50,000
Buildings	500,000	39,968	460,032	479,200
Machinery, equipment, furniture and fixtures	423,801	151,578	272,223	320,644
Motor vehicles	21,000	10,967	10,033	14,332
Computer hardware & software	1,200	627	573	819
Furniture & fixtures	16,500	6,116	10,384	12,980
Leasehold improvements	475,000	9,896	465,104	469,854
	$ 1,487,501	$ 219,152	$ 1,268,349	$ 1,347,829

7. Bank indebtedness

A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $250,000 (2022 - $250,000) of which $60,000 (2022 - $115,000) was available for use as at June 30, 2023 and bears interest at bank's prime plus 1% per annum. The Royal Bank of Canada's prime rate at the year end was 6.95% (2022 - 3.70%)

		2023		2022
Bank indebtedness	$	**(190,000)**	$	(135,000)
Cash		**14,500**		16,303
	$	**(175,500)**	$	(118,697)

As security for the operating line of credit of $250,000 and a capital line of $370,000 of which $101,902 (2022 - $164,744) has been advanced, the Company has provided the following security:

(i) General security agreement signed by 3343533 Nova Scotia Limited and 3284906 Nova Scotia Limited constituting a first ranking security interest in all personal property;

(ii) Guarantee and postponement of claim from the directors totalling $1,000,000

(iii) General security agreement signed by the borrower constituting a first security interest in all personal property of the borrower;

(iv) Guarantee and postponements in the amount of $2,600,000 from 3284906 Nova Scotia Limited;

(v) Guarantee and postponements in the amount of $2,600,000 from 3343533 Nova Scotia Limited;

(vi) Mortgage security in the amount of $262,500 on property located at 11621 Parkway Drive, Port Williams, Nova Scotia;

(vii) Security confirmation agreement in respect of the amalgamation

See Note 15 for additional information.

8. Payables and accruals

Government remittances payable (other than income taxes) as of June 30, 2023 total $47,847 (2022 - $12,371) are included in payables and accruals.

9. Due to/from related parties and related company transactions

a) The company had the following transactions made in the normal course of business with companies that exercise significant influence, that are recorded at the exchange amount of consideration established and agreed to by the related parties.

	2023	2022
Revenue – Packaging sales	**$ 28,059**	$ 24,431
Expenses		
Materials	**$ 242,344**	$ 133,568
Management fees	**180,000**	104,318
	$ 422,344	$ 237,886

b) Due to related parties

	2023	2022
3284906 Nova Scotia Limited	**$ (789,217)**	$ (351,467)
Blue Ocean Management Limited	**-**	(116,686)
Blue Lobster Capital Limited	**-**	(33,117)
3343533 Nova Scotia Limited	**-**	(5,195)
	(789,217)	$ (506,465)

c) Due from related parties

	2023	2022
Blue Ocean Management Limited	**$ 10,000**	$ -

10. Demand loans

	2023	2022
Callable term loan bearing interest at 3.62% per annum, repayable in equal monthly payments of $1,795 including interest, due on demand, amortized to January 2026.	**$ 57,927**	$76,996
Callable term loan, repaid during the year.	**-**	22,054
Callable term loan bearing interest at prime plus 2% per annum, repayable in equal monthly payments of $1,545 plus interest, due on demand, amortized to January 2024.	**29,305**	38,761

10. Demand loans (continued)	2023	2022
Callable term loan, repaid during the year.	-	1,913
Callable term loan bearing interest at 5.52% per annum, repayable in equal monthly payments of $2,070 plus interest from May to October and interest only instalments from November to April. Due on demand, amortized to July 2024.	14,670	25,020
	101,902	164,744
Less current portion	101,902	70,207
Callable debt	$ -	$ 94,537

RBC demand facilities (callable debt) are authorized in the amount of $370,000 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months. Security for the loans is as disclosed in Note 7.

Estimated principal repayment are as follows:

2024	$ 101,902

See Note 15 for additional information.

11. Long-term debt	2023	2022
Fixed rate term loan bearing interest at 2.68% per annum, repayable in monthly payments of $26,049 including interest, amortized to June 2026. Security is as outlined in Note 7.	$ 900,360	$1,184,524
Canada Emergency Business Account- The amount of $40,000 represents the unforgivable balance of the $60,000 Interest-free loan received under the Government of Canada COVID-19 response program. A total of $20,000 is forgivable if the loan is fully paid by January 18, 2024. As at the year end date, $20,000 has been included in prior year income and represents the maximum forgivable portion of the loan, If the unforgiven portion of the loan is not fully paid by January 18, 2024, the entire principal will be payable and will bear interest at 5% per annum, beginning January 19, 2024. The loan is due in full December 31, 2025.	40,000	40,000
	940,360	1,224,524
Less current portion	940,360	284,318
Due beyond one year	$ -	$ 940,206

11. Long-term debt (continued)

Estimated principal repayment terms are as follows:

2024	$	940,360

See Note 15 for additional information.

12. Capital lease obligation

	2023	2022
Capital lease contract with equipment pledged as security, Repayable in monthly instalments of $3,531 including interest at 4.30% per annum from May to October and interest only instalments from November to April, maturing in 2024.The lease has a buyout option at maturity.	$ 5,081	$ 25,896
Capital lease contract with equipment pledged as security, repayable in monthly instalments of $5,897 including interest at 5.47% per annum from May to October and interest only instalments from November to April, maturing in 2026. The lease has a buyout option at maturity.	83,154	113,250
Capital lease contract with equipment pledged as security, Repayable in monthly instalments of $1,772 including interest at 5.27% per annum from May to October and interest only instalments from November to April, maturing in 2026. The lease has a buyout option at maturity.	10,453	20,650
	98,688	159,796
Less current portion	98,688	61,111
Due beyond one year	$ -	$ 98,685

Estimated lease payments are as follows:

2024	$	98,688

See Note 15 for additional information.

13. Share capital

	2023	2022
Authorized: Unlimited common shares with no par value		
Issued 21,000 common shares	$ 210	$ 210

14. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at June 30, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its receivables. The entity provides credit to its clients in the normal course of its operations. The Company reduces its exposure to credit risk by performing credit valuation on a regular basis including creating an allowance for doubtful accounts when applicable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its long-term debt, payables and accruals and note payable. The Company reduces its exposure to credit risk by maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as it becomes due. Note 2 provides additional detail on the liquidity of the company.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt, fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

15. Capital management

The terms of the credit facilities with the Royal Bank require that the Company maintain certain financial and reporting covenants. As at the year ended June 30, 2022, the Company was not in compliance with its financial covenants and as a result were moved into special loans on May 25, 2023. However, a waiver was received from the lender and as a result the amounts due were classified as long-term as at June 30, 2022, except for the demand facilities. Subsequent to the year ended June 30, 2023, the Company received a letter of demand and an agreement of forbearance and was subject to cashflow monitoring during the forbearance period which ended May 18, 2024. The Company continues not to be in compliance with its financial covenants and remains in special loans with the Royal Bank. As a result, all amounts outstanding with the Royal Bank are on a demand basis and have been classified as current liabilities.

16. Guarantees

The company has guaranteed the loans of 3343533 Nova Scotia Limited, a company under common control, to a maximum of $2,250,000. As at June 30, 2023 3343533 Nova Scotia Limited had $1,211,251 of loans outstanding to which the guarantee applies.

The company has guaranteed the loans of 3284906 Nova Scotia Limited, a company under common control, to a maximum of $7,032,500 As at June 30, 2023 3284906 Nova Scotia Limited had $4,717,393 of loans outstanding to which the guarantee applies.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Schedules to the Financial Statements
June 30, 2023

Schedule of cost of sales — **Schedule 1**

	2023	2022
Freight	$ **36,597**	11,439
Materials and purchases	**799,998**	$ 445,839
Permits	**22,473**	25,616
Shipping	**57,329**	48,000
Wages and benefits	**132,249**	122,880
	$ **1,048,646**	$ 653,774

Schedule of expenses — **Schedule 2**

	2023	2022
Accounting and legal fees	$ **16,109**	$ 21,791
Advertising and promotion	**29,301**	12,946
Amortization	**96,721**	113,705
Bad debts	**358**	3,500
Business taxes	**4,457**	2,110
Donations	**6,057**	3,335
Insurance	**27,481**	18,837
Interest and bank charges	**38,462**	34,258
Interest on income taxes	**1,983**	658
Interest on long-term debt	**41,281**	55,633
Management fees	**180,000**	104,318
Meals and entertainment	**3,487**	5,098
Office	**19,195**	20,628
Property taxes	**16,566**	14,788
Rent	**51,338**	51,338
Repairs and maintenance	**26,373**	3,016
Salaries and related benefits	**169,545**	146,086
Security	**3,990**	1,243
Telephone	**3,321**	4,137
Travel and automotive	**14,175**	13,359
Utilities	**22,070**	17,694
	$ **772,270**	$ 648,478

Compiled Financial Information

Blue Ocean Group of Companies

Consisting of:

- 3284906 Nova Scotia Limited

(operating as Nova Scotia Spirit Company)

- 3343533 Nova Scotia Limited

(operating as Sainte Famille Wines)

- 4318682 Nova Scotia Limited

(operating as Annapolis Cider Company)

June 30, 2023

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Compilation Engagement Report

To the Management of
Blue Ocean Group of Companies

On the basis of information provided by Management, we have compiled the balance sheet of Blue Ocean Group of Companies as at June 30, 2023, the statements of income and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements,* which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Grant Thornton LLP

New Glasgow, Canada
July 31, 2024

Chartered Professional Accountants

Blue Ocean Group of Companies
Statements of Income and Retained Earnings

Year ended June 30	2023	%	2022	%
Sales	$ 12,519,082		$ 12,895,323	
Cost of Sales (Schedule 1)	6,833,763	54.6	7,533,502	58.4
Gross Profit	5,685,319	45.4	5,361,821	41.6
Expenses (Schedule 2)	5,580,567	44.5	5,475,641	42.5
Income (Loss) before other income and income taxes (recovery)	(165,248)		(113,820)	
Other items				
Gain on sale of property, plant and equipment			19,725	
Rental	216,000		108,000	
Subsidies and grants	36,944		70,291	
Bad debt	(324,000)			
Impairment allowance on intercompany amounts	(356,579)			
	(427,635)		198,016	
Income before income taxes (recovery)	(592,883)		84,196	
Income taxes (recovery)	62,697		10,978	
Net (loss) income	$ (655,580)		$ 73,218	
Retained earnings – beginning of year	$ 2,988,193		$2,914,975	
Net (loss) income	(655,580)		73,218	
Retained earnings – end of Year	$ 2,332,613		$2,988,193	

See accompanying notes and schedules to the financial statements.

Blue Ocean Group of Companies
Balance Sheet

June 30	2023	2022
Assets		
Current		
Accounts receivable	$ **1,173,781**	$ 1,093,196
Inventory	**3,456,732**	3,405,839
Prepaid expenses	**300,397**	53,666
Due from shareholder	**210**	71,356
	4,931,120	4,624,057
Long Term		
Property, plant and equipment (Note 3)	**6,664,872**	7,502,575
Goodwill	**630,366**	630,366
Due from related party (Note 2)	**82,519**	505,589
Inventory	**498,796**	292,729
Biological assets	**158,767**	158,767
Investment tax credits	**106,850**	148,985
	8,142,170	9,239,011
	13,073,290	13,863,068
Liabilities		
Current		
Bank indebtedness (Note 4)	$ **1,948,510**	$ 1,492,646
Accounts payable and accrued liabilities	**2,566,929**	1,860,525
Unearned revenue	**14,897**	16,205
Income taxes payable	**81,978**	70,088
Current portion of long-term debt (Note 6)	**2,707,890**	460,064
Current portion of capital lease obligation (Note 7)	**98,688**	61,111
Current portion of callable debt (Note 5)	**2,671,572**	583,521
	10,076,172	4,344,160
Callable debt (Note 5)		2,786,440
	10,076,172	7,330,600
Long-term		
Long-term debt (Note 6)	**372,091**	3,142,649
Due to related party (Note 2)	**169,092**	370,303
Capital lease obligation (Note 7)		98,685
	541,183	3,419,935
	10,617,355	10,750,535
Shareholders' equity		
Share capital	**422**	422
Contributed surplus	**122,900**	122,900
Retained earnings	**2,332,613**	2,988,193
	2,455,935	2,989,633
	$ **13,073,290**	$ 13,863,068

On Behalf of the Board

_____ Director _____ Director

See accompanying notes and schedules to the financial statements.

Blue Ocean Group of Companies
Notes to the Compiled Financial Information
Year ended June 30, 2023

1. Basis of accounting

The preparation of the balance sheet of Blue Ocean Group of Companies as at June 30, 2022 and the statements of income and retained earnings for the year then ended is on the cash basis of accounting with the addition of the following:

(a) Accounts receivable are accrued as at the reporting date
(b) Inventory is stated at the lower of cost and the net realizable value
(c) Prepaid expenses are recorded at cost
(d) Property, plant and equipment are recorded at historical cost and are amortized over their useful lives
(e) Goodwill, arising on the acquisition of a business, represents the excess of the cost of acquisition over the company's interest in the net fair value of identifiable assets and liabilities of the business recognized at the date of acquisition. Goodwill is not amortized as it is deemed to have an indefinite useful life.
(f) Accounts payable and accrued liabilities are accrued as at the reporting date
(g) Income taxes receivable or payable are accrued as at the reporting date
(h) Demand loans, long term debt and capital leases due to the Royal Bank are classified as current as at the year end as a result of a covenant breach by the Group.

2. Due from/to related party

	2023	2022
a) Due from related parties		
Blue Ocean Management Limited		$ 484,791
Blue Ocean Hospitality Limited		18,679
Blue Lobster Capital Limited	$ 3,018	
Tradan Holdings Limited	69,501	
3342963 Nova Scotia Limited		2,119
	$ 72,519	$ 505,589
b) Due to related parties		
Blue Ocean Management Limited	$ 159,092	
Blue Lobster Capital Limited		$ 78,101
Tradan Holdings Limited		100,500
		-
	$ 159,092	$ 178,601

3. Property, plant and equipment

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	$ 502,439	$	**$ 502,439**	$ 661,207
Buildings	3,590,882	530,357	**3,060,525**	3,130,142
Equipment	1,088,692	411,116	**677,576**	822,855
Vehicles	542,554	365,054	**177,500**	253,572
Paving	99,149	9,955	**89,194**	12,116
Furniture & fixtures	207,960	97,153	**110,807**	136,977
Leasehold improvements	714,272	39,236	**675,036**	654,823
Computer equipment	98,452	58,849	**39,603**	51,052
Machinery and Equipment	3,609,257	2,289,445	**1,319,812**	1,768,009
Fences	7,900	1,352	**6,548**	4,532
Tools and dies	12,782	6,950	**5,832**	7,290
	$ 10,474,339	$ 3,809,467	**$ 6,664,872**	$ 7,502,575

4. Cash and cash equivalents (bank indebtedness)

A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $2,450,000 (2022 - $2,450,000) of which $485,000 (2022 - $918,500) was available for use as at June 30, 2023 and bears interest at bank's prime lending rate plus 1% per annum.

	2023	2022
Cash	**$ 16,490**	$ 38,854
Bank indebtedness	**(1,965,000)**	(1,531,500)
	$ (1,948,510)	$ (1,492,646)

As security for the operating line of credit of $2,450,000 and a capital line of credit of $5,370,000, the Company has provided the following security:

i) General security agreement constituting a first ranking security interest in all personal property held by the Company
ii) Guarantee and postponements of claim from directors totalling $1,000,000
iii) Guarantee and postponements in the amount of $7,084,000 from 3343533 Nova Scotia Limited
iv) Guarantee and postponements in the amount of $7,084,000 from 3317427 Nova Scotia Limited
v) Guarantee and postponements in the amount of $7,084,000 from 4318682 Scotia Limited
vi) Mortgage security on properties located at 230 Foord Street in the amount of $812,500, Stellarton and 6264 Trafalgar Road, Riverton in the amount of $220,000
vii) General security agreement constituting a first ranking security interest in all personal property held by the Company
viii) Guarantee and postponements of claim from directors totalling $1,000,000
ix) Guarantee and postponements in the amount of $7,084,000 from 3343533 Nova Scotia Limited
x) Guarantee and postponements in the amount of $7,084,000 from 3317427 Nova Scotia Limited
xi) Guarantee and postponements in the amount of $7,084,000 from 4318682 Scotia Limited

4. Cash and cash equivalents (bank indebtedness) (continued)

xii) Mortgage security on properties located at 230 Foord Street in the amount of $812,500, Stellarton and 6264 Trafalgar Road, Riverton in the amount of $220,000

5. Callable debt	2023	2022
Royal Bank of Canada loan bearing interest at 3.08% per annum, repayable in monthly blended payments of $6,624, due on demand, amortized to July 2027.	$ **304,488**	$ 373,439
Royal Bank of Canada loan bearing interest at 2.57% per annum, repayable in monthly blended payments of $6,416 due on demand, amortized to December 2027.	**326,735**	394,381
Royal Bank of Canada loan bearing interest at 2.57% per annum, repayable in monthly blended payments of $10,737, due on demand, amortized to December 2027.	**547,111**	660,227
Royal Bank of Canada loan bearing interest at 2.58% per annum, repayable in monthly blended payments of $3,815, due on demand, amortized to February 2026.	**121,392**	163,461
Royal Bank of Canada loan bearing interest at 2.68% per annum, repayable in monthly blended payments of $6,840, due on demand, amortized to June 2026.	**236,328**	310,947
Royal Bank of Canada loan bearing interest at prime plus 9.2% per annum, repayable in monthly payments of $16,642, plus interest, due on demand, amortized to January 2025.	**505,297**	635,449
Royal Bank of Canada loan bearing interest at 9.2% per annum, repayable in monthly payments of $3,169, plus interest, due on demand, amortized to March 2027.	**139,441**	177,470
Royal Bank of Canada loan bearing interest at 9.2% per annum, repayable in monthly payments of $3,169, plus interest, due on demand, amortized to March 2027.	**48,218**	78,672
Royal Bank of Canada loan bearing interest at 3.08% per annum, repayable in monthly blended payments of $6,624, due on demand, amortized to July 2027.	**275,391**	331,323
Callable term loan bearing interest at 3.62% per annum, repayable in equal monthly payments of $1,795 including interest, due on demand, amortized to January 2026.	**57,927**	$76,996
Callable term loan, repaid during the year.	-	22,054
Callable term loan bearing interest at prime plus 2% per annum, repayable in equal monthly payments of $1,545 plus interest, due on demand, amortized to January 2024.	**29,305**	38,761
Callable term loan, repaid during the year.	-	1,913
Callable term loan bearing interest at 5.52% per annum, repayable in equal monthly payments of $2,070 plus interest from May to October and interest only instalments from		

5. Callable debt (continued)

November to April. Due on demand, amortized to July 2024.	**14,670**	25,020
Callable term loan repayable in equal monthly instalments of $850 plus interest at prime plus 1.75% per annum, commencing May 2021, due on demand, amortized to May 2028.	**50,216**	60,420
Callable term loan repayable in equal monthly instalments of $405 including interest at 2.77% per annum, commencing October 2021, due on demand, and amortized to October 2026.	**15,054**	19,430
	2,671,572	3,369,961
Less current portion	**2,671,572**	583,521
Callable debt	**$**	$ **2,786,440**

RBC demand facilities (callable debt) are authorized in the amount of $4,000,000 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months. Security for the loans is as disclosed in Note 4.

Estimated principal repayments are as follows:

2024	$ 2,671,572

6. Long-term debt	**2023**	2022
Various Telus device non-interest-bearing loans repayable in monthly payments of $128, amortized to February 2024.	**$ 1,025**	4,072
Atlantic Canada Opportunities Agency loan bearing interest at prime plus 0.00 % per annum, repayable in monthly payments of $4,167, amortized to December 2028.	**224,998**	250,000
Vehicle loan repaid in the current year.		8,958
Mortgage loan bearing interest at prime plus 1.50% per annum, repayable in monthly payments of $6,376 plus interest, amortized to January 2030. As security, the company has pledged a building with a net book value of $1,001,359.	**498,123**	567,001
Royal Bank of Canada loan bearing interest at prime plus 3% per annum, repayable in monthly blended payments of $1,360, amortized to January 2030. As security, the Company has pledged a building with a net book value of $180,347	**104,870**	120,182
Vehicle loan bearing interest at 0.00 % per annum, repayable in monthly blended payments of $586, amortized to June 2026. As security the Company has pledged a motor vehicle which has a net book value of $10,242.	**14,052**	21,078

6. Long-term debt (continued)

Various vehicle loans bearing interest at 0.00 % per annum, repayable in monthly blended payments of $2,291, amortized to September 2025. As security, the Company has pledged motor vehicles with a net book value of $60,509	**52,649**	81,341
Fixed rate term loan bearing interest at 2.68% per annum, repayable in monthly payments of $26,049 including interest, amortized to June 2026. Security is as outlined in Note 6.	**900,360**	$1,184,524
Canada Emergency Business Account- The amount of $40,000 represents the unforgivable balance of the $120,000 Interest-free loan received under the Government of Canada COVID-19 response program. A total of $40,000 is forgivable if the loan is fully paid by January 18, 2024. As at the year end date, $40,000 has been included in prior year income and represents the maximum forgivable portion of the loan, If the unforgiven portion of the loan is not fully paid by January 18, 2024, the entire principal will be payable and will bear interest at 5% per annum, beginning January 19, 2024. The loan is due in full December 31, 2025.	**80,000**	80,000
Mortgage bearing interest at 3.62% per annum, repayable In monthly payments of $5,297 including interest, maturing February 2025, amortized to February 2046. Security is outlined in Note 8.	**980,981**	1,008,588
Promissory note bearing interest at 0.00% per annum, repayable in monthly payments of $5,556, amortized to February 2027. The original amount of the loan of $400,000 has been discounted using a rate of 5% to reflect the interest free terms of the loan. Over time the loan is being accreted using a discount rate back to face value over the term of the loan. The loan is secured by a second mortgage on land and building with a net book value of which has a carrying value of 807,984.	**222,923**	276,969
	3,079,981	3,602,713
Less current portion	**2,707,890**	460,064
	$ 372,091	$ 3,142,649

Estimated principal repayments are as follows:

2024	$ 2,707,890
2025	$ 137,995
2026	$ 115,481
2027	$ 92,625
2028	$ 25,990

7. Capital lease obligation

	2023	2022
Capital lease contract with equipment pledged as security, Repayable in monthly instalments of $3,531 including interest at 4.30% per annum from May to October and interest only instalments from November to April, maturing in 2024.The lease has a buyout option at maturity.	$ 5,081	$ 25,896
Capital lease contract with equipment pledged as security, repayable in monthly instalments of $5,897 including interest at 5.47% per annum from May to October and interest only instalments from November to April, maturing in 2026. The lease has a buyout option at maturity.	83,154	113,250
Capital lease contract with equipment pledged as security, Repayable in monthly instalments of $1,772 including interest at 5.27% per annum from May to October and interest only instalments from November to April, maturing in 2026. The lease has a buyout option at maturity.	10,453	20,650
	98,688	159,796
Less current portion	98,688	61,111
Due beyond one year	$	$ 98,685

Estimated lease payments are as follows:

2024	$ 98,688

8. Prior period adjustment

During the year, management determined that an intercompany balance was understated in 2020 by $191,702 due to an error in the estimate of proceeds on the sale of real property to a related party. The corresponding impact to 2020 current income tax expense and income taxes payable was an understatement of $68,802.

As a result of the errors, the following financial statement items as at June 30, 2022, have been increased (decreased) as follows:

	Previously reported	Adjustments	Restated
Balance sheet			
Due to related parties	(370,303)	191,702	(178,601)
Income tax payable	(1,288)	(68,802)	(70,088)
Contributed surplus		122,900	122,900

Blue Ocean Group of Companies
Schedules to the Compiled Financial Information
Year ended June 30, 2023

Schedule of cost of sales — **Schedule 1**

	2023	2022
Amortization	$ **100,759**	$ 103,950
Business taxes	**512,829**	376,304
Direct labour	**168,602**	155,571
Equipment rentals	**2,048**	5,764
Freight	**520,490**	278,885
Gas and oil	**1,998**	4,056
Purchases	**3,747,483**	5,261,583
Materials	**799,998**	211,001
Permits	**27,436**	27,466
Shipping	**68,294**	70,784
Repairs and maintenance	**5,231**	22,707
Sub-contracts	**1,288**	7,244
Supplies	**90,173**	133,718
Wages and benefits	**787,134**	874,469
	$ **6,833,763**	$ 7,533,502

Schedule of expenses — **Schedule 2**

	2023	**2022**
Accounting and legal	$ **64,141**	$ 61,481
Advertising and promotion	**488,713**	415,198
Amortization	**845,351**	1,057,283
Bad debts	**3,055**	7,412
Consulting fees	**2,240**	58,225
Contracted service		212,101
Director's fees		120,000
Donations	**9,588**	17,613
Freight	**9,314**	4,627
Insurance	**99,978**	106,624
Interest and bank charges	**232,008**	143,801
Interest on income taxes	**18,725**	18,528
Interest on long-term debt	**287,006**	237,985
Management fees	**240,000**	231,182
Meals and entertainment	**107,260**	121,821
Office	**140,595**	131,977
Property taxes	**54,568**	49,868
Rent	**213,532**	256,246
Repairs and maintenance	**242,775**	142,832
Research and development		10,500
Security	**7,925**	7,589
Subscriptions, permits and licenses	**19,606**	21,992
Telephone and utilities	**25,585**	24,859
Travel and automotive	**271,969**	215,319
Utilities	**211,252**	199,966
Wages and benefits	**2,033,548**	1,600,612
	$ **5,850,567**	$ 5,475,641

TAB W

va Scotia Spirit Co.
lance Sheet As at 30/09/2024

ET

rrent Assets		
Clearing		358.59
Cash to be Deposited	4,061.45	
Online Funds to be Deposited	684.94	
Office Float	12.85	
Payroll Clearing	9,881.97	
Petty Cash	22.15	
Sub Contract Labour	12,940.30	
Paypal	20.68	
East Coast Chequing- CAD	-39,128.78	
East Coast Chequing - USD	6,284.05	
Total Cash		-5,220.39
Prepaids		118,200.25
nventory In Transit		29,170.00
Deferred Financing		4,500.00
Garnishees		645.52
Rent clearing		3,050.00
Accounts Receivable	593,575.21	
Elixr	69,916.73	
Allowance for Doubtful Accounts	-714,894.75	
nsurance Receivable	109,853.00	
Craft360	200,000.00	
A/R - Direct Customers	135,359.24	
Total Receivable		393,809.43
Prepaid Expenses		41,248.12
TC Receivable		32,882.44
:al Current Assets		618,643.96
entory Assets		
nv Adj Acct		-2,265,731.09
Year End Inventory		1,250,227.86
nventory		7,050,395.20
Raw Material - Full Proof		551,314.37
Blended Material		119,093.22
Finished Product		-4,820,115.17
Merchandise - Clothing		163,993.43
Promotional Goods		35,567.45
:al Inventory Assets		2,084,745.27
pital Assets		
Leasehold Improvements	201,882.33	
Acc. Amort. - Leasehold Improvement	-38,443.69	
Net - Leasehold Improvements		163,438.64
Warehouse Fixtures		8,684.89
Lighting and Fixtures		4,264.93
Fencing		7,900.00
Acc Amort fencing		-2,006.49
Land		192,499.96
Computer Equipment	99,454.74	
Accum. Amort. - Computer Equip.	-70,013.33	
Net - Computer Equipment		29,441.41
Net - Furniture & Equipment		15,216.93
Net - Marketing Equipment		53,155.49
Equipment	3,260,301.48	
Accum. Amort. - Equipment	-2,611,563.12	
Net - Equipment		648,738.36
Tools	12,782.04	
Accum. Amort. - Tools	-8,116.25	
Net - Tools		4,665.79
Vehicle	490,134.36	
Accum. Amort. -Vehicle	-382,067.48	
Net - Vehicle		108,066.88

ted On: 26/11/2024

va Scotia Spirit Co.
lance Sheet As at 30/09/2024

Net - Building		1,067,579.60
Net - Stellarton Construction		125.31
Restaurant Equipment		300,584.10
Restaurant		865,068.23
Restaurant Parking Lot		99,149.42
Restaurant Exterior Equipment		104,043.38
Acc amortization parking lot		-17,090.31
Accumulated amortization restaurant		-189,919.76
al Capital Assets		3,463,606.76
AL ASSET		6,166,995.99
ILITY		
rrent Liabilities		
Accounts Payable		1,589,250.19
Accounting Accrual		30,394.44
nterest Accrued on LTD		165,536.17
RBC Visa Payable (Tony)	2,218.68	
RBC Visa Payable (Dustin)	1,680.93	
RBC Visa Payable (Janine)	717.09	
RBC Visa Payable (Breanna)	4,044.76	
Corporate AMEX Payable	2,242.95	
RBC Visa Payable (KRISTEN)	93,601.87	
Visa Payable (Evan)	6,816.64	
RBC Visa Payable (ALEX)	1,677.17	
RBC Visa Payable (Gracie)	50.00	
RBC Visa Payable (Scott)	745.68	
RBC Visa Payable (Jocelyn)	179.34	
RBC Visa Payable (Hayley)	754.08	
RBC Visa Payable (Nathaniel)	6,085.22	
RBC Visa Payable (James)	-1,755.72	
RBC Visa Payable (Dwane)	2,750.11	
Total Credit Card Payables		121,808.80
Corporate Taxes payable		-35,018.34
Total Receiver General		1.20
Divert Payable		-2,256.25
Employee Benefits Payable		70,570.32
GST/HST Charged on Sales	156,826.76	
GST/HST Paid on Meals	-427.81	
GST/HST Paid on Purchases	-74,922.41	
Prior HST payable	7,759.25	
Net HST		89,235.79
Prepaid Sales/Deposits		14,385.48
Keg Deposits		50.00
Current Portion of LTD		219,568.32
Current Portion - Callable Debt		620,967.85
al Current Liabilities		2,884,493.97
ıg Term Liabilities		
Mazda Payable (2021)		16,198.34
Mazda Payable (2019)		-1,171.00
Equipment Loan 026		405,447.15
Equipment Loan 028		114,088.04
Equipment Loan 029		27,915.84
Equipment LOC G 017		253,759.72
Mazda Payable (2020)		7,025.75
Operating LOC		809,462.44
Equipment LOC 024		89,124.98
Equipment Loan 025		172,548.74
Equipment LOC - 030		197,069.42
TELUS Device Payable		161.06
Mortgage - 230 Foord St (#27)		459,870.45
Mortgage - 6264 Trafalgar Rd (#12)		98,071.30
Equipment LOC H 018		292,308.83

ted On: 26/11/2024

va Scotia Spirit Co.
lance Sheet As at 30/09/2024

Equipment LOC I 019	489,457.04
ACOA #218170	162,493.00
Recovery Loan 038	2.00
Shareholder - Alex	-125,393.91
Shareholder Loans	-100,000.00
Shareholder - Dan	-1.00
Due to/from Evan MacEachern	-38,140.04
Due to/from Blue Ocean Management	-2,175,843.62
Due to/from 4205013 NS Ltd (ACC)	-11,496.82
Due to/from 3317427 NS Ltd	-206,727.00
Due to/from BL Public House	8,540.94
NS Spirit USA LLC	-34,315.78
Current Portion Callable Debt-Contr	-620,967.85
Current Portion of LTD - Contra	-219,568.32
:al Long Term Liabilities	69,919.70
AL LIABILITY	2,954,413.67
ITY	
ners Equity	
Contributed surplus	122,899.72
Retained Earnings - Previous Year	2,959,470.05
Common Shares	2.00
Current Earnings	130,210.55
:al Owners Equity	3,212,582.32
AL EQUITY	3,212,582.32
ILITIES AND EQUITY	6,166,995.99

ted On: 26/11/2024

va Scotia Spirit Co.
:ome Statement 01/07/2024 to 30/09/2024

ENUE		
es Revenue		
Hand Sanitizer Sales		200.00
Non Taxable Revenue		89.33
Miscellaneous Markets Sales		14,389.05
Foord St. Sales		67,620.75
Online Sales		6,604.72
NSLC Sales		1,372,770.66
LCBO Sales		268,049.44
Bishops Cellar Sales		45,293.24
Harvest Sales		69,444.96
PEILCC Sales		230,889.14
ANBL Sales		86,522.20
NLC Sales		31,573.20
Staff Sales		112.98
Direct Sales		691,280.59
Promotional Sales		26,917.20
Canning Revenue		99,249.13
Rent Revenue		54,000.00
Staff Discount		-3,545.18
Promotional Discount		-142.19
t Sales		3,061,319.22
ıer Revenue		
Freight Revenue		520.00
:al Other Revenue		520.00
AL REVENUE		3,061,839.22
ENSE		
st of Goods Sold		
COGS - Fuel (Deliveries)		179.03
Raw Materials		82,340.37
COGS - Fisherman's Helper Whi...		13,063.86
COGS - Blue Lobster Vodka		47,893.62
COGS - Willing to Learn Gin		83,673.42
COGS - Ready To Drink		232,072.81
COGS - Beer		8,081.68
COGS - Kegged Spirit Products		2,694.89
COGS - Hand Sanitizer		16.64
Raw Materials: Bottles/Boxes/Lids		281.84
COGS - Package Product		5,905.68
NSLC Product Bill Back		15,698.89
ANBL Product Bill Back		2,683.18
LCBO Product Bill Back		8,020.21
COGS - Merchandise		10,380.37
CO2		39,771.63
nventory adj		319,319.99
nventory Adjustment		340,361.69
Excise Tax		128,624.56
Divert NS		-704.50
RMSA		21,317.80
Research & Development		119.49
Professional Development		1,258.93
Subcontracts		4,013.67
Early Payment Purchase Discou...	-103.61	
Net Purchases		-103.61
Freight Out Expense (Sales)		41,473.40
Customs Brokerage		5,330.84
Storage		10,487.79
Freight to Storage		9,285.82
Freight In Inventory		11,715.42
Freight In Supplies		4,569.05

ted On: 26/11/2024

va Scotia Spirit Co.
ome Statement 01/07/2024 to 30/09/2024

al Cost of Goods Sold	1,449,828.46
roll Expenses	
Wages & Salary - Plant Manage...	27,342.75
Wages & Salary - Administration	1,796.65
Wages & Salary - Sales	268.81
Wages & Salary - Spirits	16,382.05
Wages & Salary - Projects	21,973.43
Wages & Salary - RTD	162,671.99
Wages & Salary - Non NS	19,559.45
WCB Expense	3,418.36
Professional Fees	3,000.00
Forebearnace costs	13,176.01
Beck costs	16,852.27
al Payroll Expense	286,441.77
ministration	
Auto	7,691.06
Fuel	26,490.88
Freightliner Mileage Charge	8,876.46
Cash (Over)/Under	5.35
Courier & Shipping	2,118.42
E-Commerce Shipping & Packag...	1,494.95
Computer Repairs And Support	1,312.00
Travel	13,384.69
Membership Fees and Dues	240.95
al Administration	61,614.76
al Ontario Expenses	327.00
vertising And Promotions	
Agency Fees	57,265.91
LCBO Promo	46,760.18
Media Advertising (photos, video)	55.00
Advertising	1,879.15
Promo Materials	4,924.26
PEI Promo	934.77
NSLC Promo	694.90
ANBL Promo	21,586.50
Sponsorship	90,559.13
Direct Customer Promo Items	27,784.96
Direct Customer General	2,513.19
Customer Events	600.00
Subscriptions (Marketing)	397.40
Subscriptions (Sales)	1,320.00
Samples - US Account	2,646.96
Entertainment - Golf	108.17
Non-Tax Deductible Staff Expense	3,872.06
Entertainment - Meals	21,148.87
Jniversity Rep Program	1,032.35
Samples (Giveaways)	932.68
Staff Events and Giveaways	78.37
Miscellaneous Events	5,091.76
Misc Marketing Supplies	5,843.02
Tasting Supplies	242.59
Merchandise and Swag Giveawa...	7,443.07
al Advertising And Promoti...	305,715.25
inbursments	
Evan - Expenses	450.00
al Reinbursments	450.00
pairs and Maintenance	
General	3,765.64
Shop Supplies	9,065.95

ted On: 26/11/2024

va Scotia Spirit Co.
:ome Statement 01/07/2024 to 30/09/2024

Pest Control	765.27
Security Expenses	1,293.65
Waste Disposal And Recycling	5,399.73
Repairs and Maintenance	16,206.35
Equip. R&M	1,452.09
:al Repairs And Maintenance	37,948.68
:al E-Commerce	220.01
pplies	
Cleaning And Chemicals	7,016.30
Merchandising And Displays	180.00
Office	13,553.43
Software and Computer Mainten...	7,334.00
Uniform & Personal Protective E...	189.83
:al Supplies	28,273.56
lities	
nternet	954.55
Power	12,354.18
Gas	71.68
Hydro	86.26
Telephone	4,606.98
Water	1,768.18
:al Utilities	19,841.83
nagement	
Management allocation	375,000.00
:al Management	375,000.00
n Controllable Expenses	
Accounting Fees (External)	45,397.59
Bank Charges And Interest	2,688.30
Square Fees	15,689.89
Equipment Rental	1,355.08
nsurance	13,014.93
Legal Fees	7,045.62
License Fees & Dues	433.00
Property Taxes	36,128.78
Rent Fixed	12,550.00
:al Non Controllable Expens...	134,303.19
:count/Promo/QSA	
Promotion - Liquor	1,494.73
QSA	605.00
:al Discount/Promo/QSA	2,099.73
ıer Expenses	
Amortization and Depreciation	135,000.00
nterest on Equipment LOC	47,989.55
nterest on Operating LOC	35,638.53
nterest on Mortgages	12,555.68
FOREX	-1,619.33
:al Other Expenses	229,564.43
AL EXPENSE	2,931,628.67
INCOME	130,210.55

ted On: 26/11/2024

3343533 Nova Scotia Limited
Balance Sheet
As of September 30, 2024

		Sep 30, 24
ASSETS		
Current Assets		
Chequing/Savings		
Cash		
Cash float	300.00	
Cash float workers	89.00	
Current Account 100-296-3	4,638.75	
Petty Cash	68.77	
Undeposited funds	51.82	
Total Cash		5,148.34
Total Chequing/Savings		5,148.34
Accounts Receivable		
Accounts receivable		
A/R - Direct Customers	5,777.15	
Accounts receivable - Other	731.72	
Total Accounts receivable		6,508.87
Total Accounts Receivable		6,508.87
Other Current Assets		
Design costs		30,640.00
Due to/from related companies		
4318682 Nova Scotia Limited	73.25	
Blue Ocean Management Limited	-1,346,632.93	
Total Due to/from related companies		-1,346,559.68
Inventory Asset		
Aging wines	420,560.86	
Current year production costs		
Amortization vineyard equipment	46,132.15	
Direct labour	66,477.90	
Employee benefits	512.31	
Farm equipment repairs	1,179.57	
Fencing and pest control	331.70	
Harvesting	13,396.13	
Insecticides, fertilizers	4,894.01	
Vineyard fuel	1,295.67	
Total Current year production costs	134,219.44	
Finished goods	234,044.97	
Packaging	23,397.94	
Previous Year Production Costs	50,818.20	
Raw Materials Inventory	540.27	
Vineyard supplies	581.97	
Total Inventory Asset		864,163.65
Share subscriptions		210.00
Total Other Current Assets		-451,546.03
Total Current Assets		-439,888.82

3343533 Nova Scotia Limited
Balance Sheet
As of September 30, 2024

	Sep 30, 24	
Fixed Assets		
Accumulated Depreciation		
Acc Amor Buildings	-95,402.37	
Acc Amor Event equipment	-4,540.14	
Acc Amor Vehicles	-22,946.76	
Acc Amor Vineyard Equipment	-86,584.01	
Acc Amor Winery equipment	-108,179.92	
Acc Amortization - Storage Vess	-166,017.11	
Accumulated amortization Comput	-437.37	
Accunulated amortization well	-5,175.44	
Total Accumulated Depreciation		-489,283.12
Buildings and Improvements		
Allocation of no interest loan	-55,040.47	
Buildings and Improvements - Other	706,450.00	
Total Buildings and Improvements		651,409.53
Furniture and Equipment		
Computer Equipment	972.74	
Event equipment	8,530.28	
Storage vesels	316,482.49	
Vineyard equipment	170,258.43	
Winery equipment	208,489.31	
Total Furniture and Equipment		704,733.25
Land		259,939.25
Vehicles		31,420.20
Vineyards		158,767.40
Well		42,420.97
Total Fixed Assets		1,359,407.48
Other Assets		
Investment tax credits		3,798.00
Total Other Assets		3,798.00
TOTAL ASSETS		**923,316.66**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable		32,174.89
Accounts Payable - USD		377.99
Total Accounts Payable		32,552.88
Credit Cards		
RBC Kristen		3,340.80
RBC Visa Alex		1,495.17
Total Credit Cards		4,835.97
Other Current Liabilities		
Accrued loan interest		1,428.12
Accrued accounting fees		1,200.00
Accrued payroll		20.00
Customer Deposits		
Gift cards	200.00	
Total Customer Deposits		200.00
Divert Payable		3.00
Due Alex Rice		2,000.00

3343533 Nova Scotia Limited
Balance Sheet
As of September 30, 2024

		Sep 30, 24
GST/HST Payable		
HST Adjustments	-14,228.80	
GST/HST Payable - Other	27,247.11	
Total GST/HST Payable		13,018.31
Income taxes payable		-2,194.00
Operating line		190,000.00
Payroll Liabilities		
WCB payable	148.66	
Payroll Liabilities - Other	4,787.51	
Total Payroll Liabilities		4,936.17
Worker's Comp Premiums - Admin		-11.39
Total Other Current Liabilities		210,600.21
Total Current Liabilities		247,989.06
Long Term Liabilities		
Long term debt		
Equipment Line #2 (Loan #004)	9,410.90	
Equipment line draw #1	43,414.58	
Payable Suzanne Corkum		
Unamortized interest	-11,665.88	
Payable Suzanne Corkum - Other	166,666.90	
Total Payable Suzanne Corkum	155,001.02	
RBC Mortgage Payable (#005)	945,239.98	
Total Long term debt		1,153,066.48
Total Long Term Liabilities		1,153,066.48
Total Liabilities		1,401,055.54
Equity		
Capital Stock		210.00
Retained Earnings		-409,340.46
Net Income		-68,608.42
Total Equity		-477,738.88
TOTAL LIABILITIES & EQUITY		**923,316.66**

3343533 Nova Scotia Limited
Profit & Loss
July through September 2024

		Jul - Sep 24
Ordinary Income/Expense		
Income		
Bottling Revenue		39,130.44
Discounts		-142.72
Grant Revenue		5,220.88
Miscellaneous Sales		537.60
Sales		46,680.16
Sales Income		629.40
Shipping and Delivery Income		58.33
Staff Discounts		-12.78
Total Income		92,101.31
Cost of Goods Sold		
***Cost of Goods Sold**		
Excise	1,140.51	
Testing	-1,308.67	
***Cost of Goods Sold - Other**	37,139.64	
Total *Cost of Goods Sold		36,971.48
Cost of Goods Sold		40,415.26
Freight and Shipping Costs		271.62
Merchant Processing Fees		637.11
NSLC Product Bill Back		36.64
RSMA		707.73
Worker's Comp Premiums - Labour		154.87
Total COGS		79,194.71
Gross Profit		12,906.60
Expense		
Automobile Expense		518.73
Automotive Fuel		2,040.22
Bank Service Charges		86.19
Cash (Over)/Short		4.21
Depreciation Expense		24,917.73
Divert Expense		-22.13
Dues and Subscriptions		668.35
Insurance Expense		3,891.39
Interest Expense		8,739.72
Interest on operating line		3,423.54
Marketing and Promotions		1,258.80
Meals and Entertainment		21.40
Miscellaneous Events		30.00
Office Supplies		582.59
Postage and Delivery		152.97
Professional Fees		13,591.61
Repairs and Maintenance		2,666.09
Taxes - Property		12,599.72
Utilities		
Internet	173.90	
Power	1,469.01	
Telephone Expense	201.13	
Utilities - Other	186.92	
Total Utilities		2,030.96
Wages & Salary		4,312.93
Total Expense		81,515.02
Net Ordinary Income		-68,608.42
Net Income		**-68,608.42**

4318682 Nova Scotia Limited
Balance Sheet
As of September 30, 2024

ASSETS
- Current Assets
  - Chequing/Savings
    - Cash
      - Cash register float
      - Cash to be deposited
      - Petty cash (Petty cash)
      - RBC Chequing #3986
      - Shopify Clearing
    - Total Cash
    - Clearing Account
  - Total Chequing/Savings
  - Accounts Receivable
    - Receivables
      - Accounts Receivable (A/R)
        - A/R - Direct Customers
        - Accounts Receivable (A/R) - Other
      - Total Accounts Receivable (A/R)
    - Total Receivables
  - Total Accounts Receivable
  - Other Current Assets
    - Employee Advances (Small, short-term payroll advances to employees)
      - Share subscriptions
    - Total Employee Advances (Small, short-term payroll advances to employees)
    - Inventory
      - Finished Goods
        - Bottled cider
        - Canned Cider
        - Kegged Cider
      - Total Finished Goods
      - Merchandise
        - Clothes
        - Glassware
        - Other
      - Total Merchandise
      - Packaging Materials
      - Raw Materials
        - Ingredients
        - Packaging
      - Total Raw Materials
      - Work in Process
        - Bulk - Tastings
        - Gulk - Refillable Bottles
        - Work in Process - Other
      - Total Work in Process
    - Total Inventory
    - Inventory Asset (Costs of inventory purchased for resale)

4318682 Nova Scotia Limited
Balance Sheet
As of September 30, 2024

- Prepaid Insurance (Insurance premiums paid in advance of policy effective dates)
- QST Receivable
- Total Other Current Assets
- Total Current Assets
- Fixed Assets
  - Accumulated Depreciation (Accumulated depreciation on equipment, buildings and improveme...
    - Building
    - Computer equipment
    - Furniture and fixtures
    - Leasehold improvements
    - Production equipment
    - Retail equipment
    - Vehicles
  - Total Accumulated Depreciation (Accumulated depreciation on equipment, buildings and impr...
  - Capital Assets
    - Buildings and Improvements (Buildings, permanently attached fixtures, and improvements ...
    - Computer equipment@!CW0!@
    - Furniture and Equipment (Furniture, fixtures, and equipment with useful life beyond one year)
    - Land (Land owned by the company)
    - Leasehold Improvements (Improvements to leased building space)
    - Production equipment@!CW1!@
    - Vehicles@!CW2!@ (Business automobiles and trucks)
  - Total Capital Assets
  - Production Equipment
- Total Fixed Assets
- Other Assets
  - Goodwill
  - Investment tax credit (Federal investment tax credits)
- Total Other Assets

TOTAL ASSETS

LIABILITIES & EQUITY

- Liabilities
  - Current Liabilities
    - Accounts Payable
      - Payables and accruals
        - Accounts Payable (A/P)
        - Accruals
        - Payables and accruals - Other
      - Total Payables and accruals
    - Total Accounts Payable
    - Credit Cards
      - Credit Cards
        - RBC Visa - Alex
        - RBC Visa - Jill
        - RBC Visa - Kristen
      - Total Credit Cards
    - Total Credit Cards

4318682 Nova Scotia Limited
Balance Sheet
As of September 30, 2024

- Other Current Liabilities
  - Accrued wages
  - Cur Ptn Lease
  - Cur Ptn LTD
  - Curr Ptn Callable
  - Divert Payable
  - Due to Alex Rice
  - Due to/from related parties
    - 3284906 Nova Scotia Limited
    - 3343533 Nova Scotia Limited
    - Blue Ocean Management Group
  - Total Due to/from related parties
  - Employee Tips Payable
  - Gift Cards Payable
  - GST/HST Payable (Tax amounts collected on sales and paid on purchases, with the balan...
  - GST/QST Payable (Tax amounts collected on sales and paid on purchases, with the balan...
  - Income taxes payable
  - Payroll Liabilities (Unpaid payroll liabilities. Amounts withheld or accrued, but not yet paid)
  - Total Other Current Liabilities
- Total Current Liabilities
- Long Term Liabilities
  - Leases
    - Cur Ptn Contra Lease
    - RBC Lease #32222
    - RBC Lease #41355
  - Total Leases
  - LTD
    - Cur Ptn Contra
    - Cur Ptn Contra Callable
    - Loan #24524274-017
    - Loan #24524274-019 (Previously Loan #007)
    - Loan #54867560-002
  - Total LTD
- Total Long Term Liabilities
- Total Liabilities
- Equity
  - Capital Stock (Value of corporate stock)
    - Capital Stock@!CW3!@
  - Total Capital Stock (Value of corporate stock)
  - Retained Earnings (Undistributed earnings of the business)
  - Net Income
- Total Equity

TOTAL LIABILITIES & EQUITY

4318682 Nova Scotia Limited
Balance Sheet
As of September 30, 2024

	Sep 30, 24
600.00	
3,853.91	
1,022.05	
70,111.65	
23,025.87	
98,613.48	
327.62	
98,941.10	
23,654.43	
59,814.95	
83,469.38	
83,469.38	
83,469.38	
210.00	
210.00	
68,805.43	
134,997.82	
8,383.27	
212,186.52	
20,323.46	
-641.12	
-486.71	
19,195.63	
-10,510.50	
172,184.99	
125,109.87	
297,294.86	
126.82	
504.64	
52,406.54	
53,038.00	
571,204.51	
0.01	

4318682 Nova Scotia Limited
Balance Sheet
As of September 30, 2024

	Sep 30, 24
	8,798.00
	3,411.26
	583,623.78
	766,034.26
	-62,785.58
	-1,042.62
	-782.28
	-39,583.34
	-219,717.88
	-5,825.40
	-14,503.80
	-344,240.90
	500,000.00
	2,200.38
	16,500.00
	50,000.00
	475,000.00
	446,614.39
	21,000.00
	1,511,314.77
	356.98
	1,167,430.85
	630,365.82
	19,027.00
	649,392.82
	2,582,857.93
	189,270.26
	2,800.00
	49,534.91
	241,605.17
	241,605.17
	1,253.87
	24,488.77
	7,241.23
	32,983.87
	32,983.87

4318682 Nova Scotia Limited
Balance Sheet
As of September 30, 2024

	Sep 30, 24
	14,000.00
	49,021.20
	332,028.10
	50,731.60
	101.20
	1,300.00
11,496.82	
73.25	
1,121,283.26	
	1,132,853.33
	11,406.79
	16,880.34
	61,108.51
	3,491.92
	-3,481.48
	14,917.72
	1,684,359.23
	1,958,948.27
-49,021.20	
1,569.23	
32,611.16	
	-14,840.81
-332,028.10	
-50,731.60	
34,805.75	
5,945.96	
657,477.91	
	315,469.92
	300,629.11
	2,259,577.38
210.00	
	210.00
	231,979.49
	91,091.06
	323,280.55
	2,582,857.93

4318682 Nova Scotia Limited
Profit & Loss
July through September 2024

		Jul - Sep 24
Ordinary Income/Expense		
Income		
Refillable Bottle Discount		-1,818.00
Sales (Sales)		
Bottle Refills	37,543.55	
Canned Cider@!CW4!@	384,776.81	
Cider Club	1,320.00	
Grant Revenue	5,824.00	
Kegged Cider@!CW5!@	68,254.54	
Merchandise@!CW6!@		
Clothes@!CW7!@	19,075.00	
Glassware@!CW8!@	3,809.00	
Other@!CW9!@	1,462.50	
Total Merchandise@!CW6!@	24,346.50	
Miscellaneous	3,662.40	
One-Way Bottles@!CW10!@	140,255.24	
Refillable bottles	8,289.36	
Tastings	1,317.04	
Tours & Tastings	75,617.80	
Sales (Sales) - Other	121.31	
Total Sales (Sales)		751,328.55
Sales Discounts (Discounts given to customers)		-10,874.85
Shipping and Delivery Income (Shipping charges charged to customers)		2,102.41
Staff Discounts		-236.98
Total Income		740,501.13
Cost of Goods Sold		
Cost of Goods Sold (Costs of items purchased and then sold to customers)		
Bottle refils	4,697.00	
C02	2,352.22	
Finished Goods@!CW11!@		
Canned Cider@!CW12!@	133,259.46	
Kegged Cider@!CW13!@	7,002.70	
One-Way Bottles@!CW14!@	31,651.23	
Total Finished Goods@!CW11!@	171,913.39	
Freight In (Purchases) (Freight-in and shipping costs for delivery to customers)	82.45	
Labor		
Cellar	54,425.01	
Total Labor	54,425.01	
Merchandise@!CW16!@		
Clothes@!CW17!@	6,126.10	
Glassware@!CW18!@	1,701.19	
Other@!CW19!@	705.32	
Total Merchandise@!CW16!@	8,532.61	
Miscellaneous@!CW20!@	-56.50	
NSLC RSMA Fees	13,684.39	
Refillable bottles@!CW21!@	7,351.13	
Tasting Supplies	2,044.57	
Tastings@!CW22!@	49,658.90	
Cost of Goods Sold (Costs of items purchased and then sold to customers) - Other	13,202.96	
Total Cost of Goods Sold (Costs of items purchased and then sold to customers)		327,888.13

4318682 Nova Scotia Limited
Profit & Loss
July through September 2024

		Jul - Sep 24
Inventory adjustments		4,272.50
Leakage		10,422.34
Outage		31,601.01
Retail transfer		-6,198.50
Total COGS		367,985.48
Gross Profit		372,515.65
Expense		
Automobile Expense (Fuel, oil, repairs, and other automobile maintenance for business a...		1,344.58
Cash Over/Short		146.58
Cellar Supplies		-278.02
Computer Software & Maintenance (Computer supplies and repairs, online fees, and othe...		536.52
Courier & Postage		4,484.52
Depreciation Expense (Depreciation on equipment, buildings and improvements)		23,314.59
Direct Customer Promo Items		2,347.59
Divert Expense (Difference between what we charge for bottle/can deposits vs what we o...		636.95
Dues and Subscriptions (Subscriptions and membership dues for civic, service, professi...		1,481.63
Freight Out (Sales)		6,781.64
Insurance		4,380.00
Insurance Expense (Insurance expenses)		3,764.00
Interest - Long Term (Interest payments on business loans, credit card balances, or other...		1,245.36
Interest & Bank Charges (Bank account service fees, bad check charges and other bank f...		792.61
Legal and professional fees (Payments to attorneys and other professionals for services ...		11,420.55
Management Allocation		75,000.00
Marketing & Promotions		2,893.60
Meals and Entertainment (Business meals and entertainment expenses, including travel-r...		954.13
Merchant Processing Fees		8,033.29
Miscellaneuos Events		234.95
Motor Vehicle - Fuel		2,235.26
NSLC Product Bill Back		855.49
Office Supplies (Office supplies expense)		2,050.07
Payroll Expenses		
Admin Wages	5,517.89	
Retail/Tasting Wages	73,899.83	
Total Payroll Expenses		79,417.72
Property Taxes		8,635.83
Reconciliation Discrepancies (Discrepancies between bank statements and company rec...		-1.01
Rent Expense (Office rent expense)		12,834.42
Repairs & Maintenance (Incidental repairs and maintenance of business assets that do n...		9,013.11
Research & Development		435.57
Retail Supplies & Equipment		3,992.79
Samples and Giveaways		336.51
Security Expenses		220.00
Staff Events and Giveaways		831.16
Storage		510.43
Travel Expenses (Business-related travel expenses including airline tickets, taxi fares, ho...		3,062.01
Utilities (Water, electricity, garbage, and other basic utilities expenses)		
Power	3,658.46	
Telephone & Internet (Telephone and long distance charges, faxing, and other fees No...	394.85	
Water & Sewage	577.30	
Total Utilities (Water, electricity, garbage, and other basic utilities expenses)		4,630.61
Warehouse Supplies		817.57
Waste & Recycling		776.22
WCB Expense		1,261.73
Total Expense		281,430.56
Net Ordinary Income		91,085.09

4318682 Nova Scotia Limited
Profit & Loss
July through September 2024

	Jul - Sep 24
Other Income/Expense	
Other Expense	
Exchange Gain or Loss (Gains/losses resulted from currency exchange rate differences)	-5.97
Total Other Expense	-5.97
Net Other Income	5.97
Net Income	**91,091.06**

TAB Y

Royal Bank of Canada
Guarantee and Postponement of Claim

SRF:
564458206

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
4318682 NOVA SCOTIA LIMITED

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **4318682 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$2,600,000.00 Two Million Six Hundred Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Prime Interest Rate of the Bank plus 5.000 Five** percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of

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one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the **Province of Nova Scotia** ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by

law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A Provinces.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 3 day of NOV 21

3284906 NOVA SCOTIA LIMITED

K MacD

Insert the full name and address of guarantor (Undersigned above).

Full name and address

Royal Bank of Canada
Resolution of Directors

3284906 NOVA SCOTIA LIMITED (the "Guarantor")

SRF:
564458206

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
4318682 NOVA SCOTIA LIMITED

Whereas it is deemed expedient and in the best interests of the Guarantor that it lend assistance to **4318682 NOVA SCOTIA LIMITED** (the "Customer") in connection with its borrowings, both present and future, from ROYAL BANK OF CANADA (the "Bank").

NOW THEREFORE BE IT DULY RESOLVED

1. THAT the Guarantor guarantee payment to the Bank of all present and future debts and liabilities, including interest due at any time by the Customer to the Bank; provided that the liability of the Guarantor shall be limited to the sum of **$2,600,000.00 Two Million Six Hundred Thousand Dollars** together with interest from the date of demand for payment at **the Prime Interest Rate of the Bank plus 5.000** per cent per annum;

For the purposes hereof (where applicable), Prime Interest Rate means the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans in Canada.

2. THAT the Guarantor further secure the Bank by postponing all debts and claims, present and future, of the Guarantor against the Customer to the debts and claims of the Bank against the Customer.

3. THAT the Guarantee and Postponement of Claim upon the Bank's form, a copy of which has been submitted to this meeting, be and is hereby approved as containing a correct statement of the terms and conditions upon which the said guarantee and postponement are to be made and that the said Guarantee and Postponement of Claim be duly executed for and in the name of the Guarantor (under the corporate seal where required)

by E Alex Rice
(IDENTIFY BY NAME AND TITLE)

☐and
☐or President
(IDENTIFY BY NAME AND TITLE)

with such alterations, additions, amendments and deletions as they may approve; and that the Guarantee and Postponement of Claim/Suretyship and Subordination of Claims so executed is the Guarantee and Postponement of Claim authorized by this resolution.

m /813 st be executed in accordance with instructions documented in Clause 3. If more than one individual is authorized by this resolution to execute Form 812/813, it is mandatory to select a checkbox)

4. THAT for the purpose of securing this Guarantee, or any present or future debts or liabilities, including interest due at any time, by the Customer to the Bank, the Guarantor shall provide to the Bank any security, including accommodation endorsements, which the Bank may request, and that for such purpose the officers of the Guarantor mentioned in paragraph 3 hereof be and they are hereby empowered for and on behalf of the Guarantor to provide such security and to execute such further documents as the Bank may require.

5. That a certified copy of this Resolution be given to the branch of the Bank where the Customer has its account, and that the designation of the officers under Section 3 of this Resolution shall be binding upon the Guarantor until a certified copy of a Resolution changing the officers is received by that branch of the Bank.

CERTIFICATE

It is hereby certified by the undersigned that the foregoing is a Resolution of the Directors of the Guarantor in accordance with the Guarantor's By-laws, constating documents, any unanimous shareholders' agreements made by the shareholders of the Guarantor and all other laws governing the Guarantor, all as amended from time to time, which Resolution is now in full force and effect.

It is hereby further certified that there are no provisions in the articles or by-laws of the Guarantor or in any unanimous shareholder agreement which restrict or limit the powers of the Guarantor or of its directors to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee on behalf of the Guarantor to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Guarantor, owned or subsequently acquired, to secure any obligation of the Guarantor and to delegate the powers referred to above to a director, officer or committee of directors.

®Registered trademark of Royal Bank of Canada

CERTIFIED this 5 day of Nov, 21, as witness, where required by law, under the corporate seal of the Guarantor.

(Corporate Seal where required by law)

Secretary

(If corporation does not have a secretary, resolution must be certified by a senior officer with sufficient authority to certify documents on behalf of the corporation i.e. president, vice-president etc. Reference to secretary must be crossed out, title inserted and change initialed.)

Royal Bank of Canada
Resolution of Directors

3284906 NOVA SCOTIA LIMITED (the "Guarantor")

SRF:
564458206

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
4318682 NOVA SCOTIA LIMITED

Whereas it is deemed expedient and in the best interests of the Guarantor that it lend assistance to **4318682 NOVA SCOTIA LIMITED** (the "Customer") in connection with its borrowings, both present and future, from ROYAL BANK OF CANADA (the "Bank").

NOW THEREFORE BE IT DULY RESOLVED

1. THAT the Guarantor guarantee payment to the Bank of all present and future debts and liabilities, including interest due at any time by the Customer to the Bank; provided that the liability of the Guarantor shall be limited to the sum of **$2,600,000.00 Two Million Six Hundred Thousand Dollars** together with interest from the date of demand for payment at **the Prime Interest Rate of the Bank plus 5.000** per cent per annum;

For the purposes hereof (where applicable), Prime Interest Rate means the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans in Canada.

2. THAT the Guarantor further secure the Bank by postponing all debts and claims, present and future, of the Guarantor against the Customer to the debts and claims of the Bank against the Customer.

3. THAT the Guarantee and Postponement of Claim upon the Bank's form, a copy of which has been submitted to this meeting, be and is hereby approved as containing a correct statement of the terms and conditions upon which the said guarantee and postponement are to be made and that the said Guarantee and Postponement of Claim be duly executed for and in the name of the Guarantor (under the corporate seal where required)

by K Alex Rice
(IDENTIFY BY NAME AND TITLE)

☐ and
☐ or

President
(IDENTIFY BY NAME AND TITLE)

(Form 812812 must be executed in accordance with instructions documented in Clause 3. If more than one individual is authorized by the resolution to execute Form 812812, it is mandatory to select a checkbox)

with such alterations, additions, amendments and deletions as they may approve; and that the Guarantee and Postponement of Claim/Suretyship and Subordination of Claims so executed is the Guarantee and Postponement of Claim authorized by this resolution.

4. THAT for the purpose of securing this Guarantee, or any present or future debts or liabilities, including interest due at any time, by the Customer to the Bank, the Guarantor shall provide to the Bank any security, including accommodation endorsements, which the Bank may request, and that for such purpose the officers of the Guarantor mentioned in paragraph 3 hereof be and they are hereby empowered for and on behalf of the Guarantor to provide such security and to execute such further documents as the Bank may require.

5. That a certified copy of this Resolution be given to the branch of the Bank where the Customer has its account, and that the designation of the officers under Section 3 of this Resolution shall be binding upon the Guarantor until a certified copy of a Resolution changing the officers is received by that branch of the Bank.

CERTIFICATE

It is hereby certified by the undersigned that the foregoing is a Resolution of the Directors of the Guarantor in accordance with the Guarantor's By-laws, constating documents, any unanimous shareholders' agreements made by the shareholders of the Guarantor and all other laws governing the Guarantor, all as amended from time to time, which Resolution is now in full force and effect.

It is hereby further certified that there are no provisions in the articles or by-laws of the Guarantor or in any unanimous shareholder agreement which restrict or limit the powers of the Guarantor or of its directors to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee on behalf of the Guarantor to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Guarantor, owned or subsequently acquired, to secure any obligation of the Guarantor and to delegate the powers referred to above to a director, officer or committee of directors.

®Registered trademark of Royal Bank of Canada

CERTIFIED this 3 day of Nov, 21 as witness, where required by law, under the corporate seal of the Guarantor.

(Corporate Seal where required by law)

Secretary

(If corporation does not have a secretary, resolution must be certified by a senior officer with sufficient authority to certify documents on behalf of the corporation i.e. president, vice-president etc. Reference to secretary must be crossed out, title inserted and change initialed.)

This is Exhibit "37" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB Z

Royal Bank of Canada
Guarantee and Postponement of Claim

SRF:
564456206

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
4318682 NOVA SCOTIA LIMITED

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **4318682 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$2,600,000.00 Two Million Six Hundred Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Prime Interest Rate of the Bank plus 5.000 Five** percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of

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one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the **Province of Nova Scotia** ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by

law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A Provinces.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 3 day of NOV 21

3284808 NOVA SCOTIA LIMITED

K MacD

Insert the full name and address of guarantor (Undersigned above).

Full name and address

Royal Bank of Canada
Resolution of Directors

3284908 NOVA SCOTIA LIMITED (the "Guarantor")

SRF:
564458206

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
4318682 NOVA SCOTIA LIMITED

Whereas it is deemed expedient and in the best interests of the Guarantor that it lend assistance to **4318682 NOVA SCOTIA LIMITED** (the "Customer") in connection with its borrowings, both present and future, from ROYAL BANK OF CANADA (the "Bank").

NOW THEREFORE BE IT DULY RESOLVED

1. THAT the Guarantor guarantee payment to the Bank of all present and future debts and liabilities, including interest due at any time by the Customer to the Bank; provided that the liability of the Guarantor shall be limited to the sum of **$2,600,000.00 Two Million Six Hundred Thousand Dollars** together with interest from the date of demand for payment at **the Prime Interest Rate of the Bank plus 5.000** per cent per annum;

For the purposes hereof (where applicable), Prime Interest Rate means the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans in Canada.

2. THAT the Guarantor further secure the Bank by postponing all debts and claims, present and future, of the Guarantor against the Customer to the debts and claims of the Bank against the Customer.

3. THAT the Guarantee and Postponement of Claim upon the Bank's form, a copy of which has been submitted to this meeting, be and is hereby approved as containing a correct statement of the terms and conditions upon which the said guarantee and postponement are to be made and that the said Guarantee and Postponement of Claim be duly executed for and in the name of the Guarantor (under the corporate seal where required)

by K Alex Rice
(IDENTIFY BY NAME AND TITLE)

☐and
☐or President
(IDENTIFY BY NAME AND TITLE)

(m /813 st be executed in accordance with instructions documented in Clause 3. If more than one individual is authorized by this resolution to execute Form 812/813, it is mandatory to select a checkbox)

with such alterations, additions, amendments and deletions as they may approve; and that the Guarantee and Postponement of Claim/Suretyship and Subordination of Claims so executed is the Guarantee and Postponement of Claim authorized by this resolution.

4. THAT for the purpose of securing this Guarantee, or any present or future debts or liabilities, including interest due at any time, by the Customer to the Bank, the Guarantor shall provide to the Bank any security, including accommodation endorsements, which the Bank may request, and that for such purpose the officers of the Guarantor mentioned in paragraph 3 hereof be and they are hereby empowered for and on behalf of the Guarantor to provide such security and to execute such further documents as the Bank may require.

5. That a certified copy of this Resolution be given to the branch of the Bank where the Customer has its account, and that the designation of the officers under Section 3 of this Resolution shall be binding upon the Guarantor until a certified copy of a Resolution changing the officers is received by that branch of the Bank.

CERTIFICATE

It is hereby certified by the undersigned that the foregoing is a Resolution of the Directors of the Guarantor in accordance with the Guarantor's By-laws, constating documents, any unanimous shareholders' agreements made by the shareholders of the Guarantor and all other laws governing the Guarantor, all as amended from time to time, which Resolution is now in full force and effect.

It is hereby further certified that there are no provisions in the articles or by-laws of the Guarantor or in any unanimous shareholder agreement which restrict or limit the powers of the Guarantor or of its directors to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee on behalf of the Guarantor to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Guarantor, owned or subsequently acquired, to secure any obligation of the Guarantor and to delegate the powers referred to above to a director, officer or committee of directors.

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CERTIFIED this 5 day of Nov, 21, as witness, where required by law, under the corporate seal of the Guarantor.

(Corporate Seal where required by law)

Secretary

(If corporation does not have a secretary, resolution must be certified by a senior officer with sufficient authority to certify documents on behalf of the corporation i.e. president, vice-president etc. Reference to secretary must be crossed out, title inserted and change initialed.)

O-FORM 222 (03/2019)

Royal Bank of Canada
Resolution of Directors

3284908 NOVA SCOTIA LIMITED (the "Guarantor")

SRF:
564458208

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
4318682 NOVA SCOTIA LIMITED

Whereas it is deemed expedient and in the best interests of the Guarantor that it lend assistance to 4318682 NOVA SCOTIA LIMITED (the "Customer") in connection with its borrowings, both present and future, from ROYAL BANK OF CANADA (the "Bank").

NOW THEREFORE BE IT DULY RESOLVED

1. THAT the Guarantor guarantee payment to the Bank of all present and future debts and liabilities, including interest due at any time by the Customer to the Bank; provided that the liability of the Guarantor shall be limited to the sum of **$2,600,000.00 Two Million Six Hundred Thousand Dollars** together with interest from the date of demand for payment at **the Prime Interest Rate of the Bank plus 5.000** per cent per annum;

For the purposes hereof (where applicable), Prime Interest Rate means the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans in Canada.

2. THAT the Guarantor further secure the Bank by postponing all debts and claims, present and future, of the Guarantor against the Customer to the debts and claims of the Bank against the Customer.

3. THAT the Guarantee and Postponement of Claim upon the Bank's form, a copy of which has been submitted to this meeting, be and is hereby approved as containing a correct statement of the terms and conditions upon which the said guarantee and postponement are to be made and that the said Guarantee and Postponement of Claim be duly executed for and in the name of the Guarantor (under the corporate seal where required)

by E Alex Rice
(IDENTIFY BY NAME AND TITLE)

☐ and
☐ or

President
(IDENTIFY BY NAME AND TITLE)

[Form 812813 must be executed in accordance with instructions documented in Clause 3. If more than one individual is authorized by the resolution to execute Form 812813, it is mandatory to select a checkbox]

with such alterations, additions, amendments and deletions as they may approve; and that the Guarantee and Postponement of Claim/Suretyship and Subordination of Claims so executed is the Guarantee and Postponement of Claim authorized by this resolution.

4. THAT for the purpose of securing this Guarantee, or any present or future debts or liabilities, including interest due at any time, by the Customer to the Bank, the Guarantor shall provide to the Bank any security, including accommodation endorsements, which the Bank may request, and that for such purpose the officers of the Guarantor mentioned in paragraph 3 hereof be and they are hereby empowered for and on behalf of the Guarantor to provide such security and to execute such further documents as the Bank may require.

5. That a certified copy of this Resolution be given to the branch of the Bank where the Customer has its account, and that the designation of the officers under Section 3 of this Resolution shall be binding upon the Guarantor until a certified copy of a Resolution changing the officers is received by that branch of the Bank.

CERTIFICATE

It is hereby certified by the undersigned that the foregoing is a Resolution of the Directors of the Guarantor in accordance with the Guarantor's By-laws, constating documents, any unanimous shareholders' agreements made by the shareholders of the Guarantor and all other laws governing the Guarantor, all as amended from time to time, which Resolution is now in full force and effect.

It is hereby further certified that there are no provisions in the articles or by-laws of the Guarantor or in any unanimous shareholder agreement which restrict or limit the powers of the Guarantor or of its directors to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee on behalf of the Guarantor to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Guarantor, owned or subsequently acquired, to secure any obligation of the Guarantor and to delegate the powers referred to above to a director, officer or committee of directors.

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CERTIFIED this 3rd day of Nov, 24, as witness, where required by law, under the corporate seal of the Guarantor.

(Corporate Seal where required by law)

Secretary

(If corporation does not have a secretary, resolution must be certified by a senior officer with sufficient authority to certify documents on behalf of the corporation i.e. president, vice-president etc. Reference to secretary must be crossed out, title inserted and change initialed.)

TAB AA

Royal Bank of Canada

Guarantee and Postponement of Claim

SRF: 156748782
Borrower: 3284906 NOVA SCOTIA LIMITED

940 PRINCE ST
TRURO
NOVA SCOTIA
B2N 1H5
CA

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **3284906 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$500,000.00** together with interest thereon from the date of demand for payment at a rate equal to **the Bank's Prime Interest Rate plus 5.00 percent per annum** as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

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(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall

be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, an every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the province of NOVA SCOTIA ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

licable in all S.A. pt Ontario.) (18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

Please do not write in this area

RBC15674878200300400081 2

EXECUTED this Feb. 28 2018
(MONTH) (DAY) (YEAR)

IN THE PRESENCE OF

Angela Lwowski
Witness Signature:

Angela Lwowski
Name:

DANIEL ALLEN

Angela Lwowski
Witness Signature:

Angela Lwowski
Name:

TRACEY ALLEN

Insert the full name and address of Guarantor (Undersigned above).

Full name and address

DANIEL ALLEN
1966 HIDDEN LAKE PLACE
KELOWNA
BRITISH COLUMBIA
V1V 2W8
CA

TRACEY ALLEN
1966 HIDDEN LAKE PLACE
KELOWNA
BRITISH COLUMBIA
V1V 2W8
CA

Please do not write in this area

RBC15674878200400400812

This is Exhibit "23" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB BB

Royal Bank of Canada
Commercial Financial Services
91 Provost Street
New Glasgow, Nova Scotia B2H 2P5

Private and Confidential

August 10, 2021

3343533 Nova Scotia Limited
63 Provost Street
New Glasgow, Nova Scotia
B2H 2P5

ROYAL BANK OF CANADA (the "Bank") hereby confirms the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). This Agreement amends and restates without novation the existing agreement dated January 18, 2021 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

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

BORROWER

3343533 Nova Scotia Limited (the "Borrower")

CREDIT FACILITIES

The aggregate of Facility #3 and Facility #4 shall not exceed $1,000,000.00 at any time.

Facility #1: **$200,000.00 revolving demand facility by way of:**

a) RBP based loans ("RBP Loans")

Revolve in increments of:	$5,000.00	Minimum retained balance:	$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP + 1.00%

Availability

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

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Repayment

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

General Account

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

a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, under this facility;

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

Facility #2: $1,036,300.34 non-revolving term facility by way of:

a) Fixed Rate Term Loans ("FRT Loans") Interest rate (per annum): 2.13%

Repayment

Payment Amount:	$4,519.00	Payment Frequency:	Monthly
Payment Type:	Blended	Payment date:	18th of each month
Repayable in full on:	February 23, 2022	Current remaining amortization (months)	295
Amount eligible for prepayment of FRT Loan: 0%			

Facility #3: $1,000,000.00 revolving term facility available by way of a series of term loans, by way of:

a) RBP Loans Interest rate (per annum) RBP + 1.00%

b) FRT Loans Fixed interest rate to be determined at time of Borrowing based on a term of 1 to 5 years

Availability

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

The aggregate Borrowings outstanding under this facility plus the aggregate amount owing under Leases advanced under Facility #4 must not exceed $,000,000.00 at any time.

Repayment

Each Borrowing under this facility shall be repayable by consecutive monthly principal payments or blended payments of principal and interest in the case of RBP Loans or blended payments of principal and interest in the case of FRT Loans based on a maximum amortization of 60 months and in the case of Borrowings advanced for the purpose of financing the acquisition of stills, fermenters and storage tanks, a maximum amortization of 84 months. For Borrowings by way of RBP Loans, a maximum term of 1 year and for Borrowings by way of FRT Loans, a maximum term of 5 years. The specific repayment terms for each new Borrowing will be agreed to between the Borrower and the Bank at the time of the Borrowing by way of a Borrowing Request substantially in the form of Schedule "E" provided to the Bank.

The Borrower, prior to any Borrowing by way of FRT Loans, will select the amount eligible for prepayment of each FRT Loan.

Existing Borrowings under Facility #3 as set forth in the credit agreement dated January 18, 2021 between the Borrower and the Bank are deemed to be Borrowings under this facility and all existing borrowing options, interest rates, repayment terms, maturity dates and amortization periods applicable to such Borrowings as at the date of this Agreement will continue to apply to such Borrowings.

Facility #4: $1,000,000.00 revolving lease line of credit by way of Leases. Leases will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and a separate agreement, the terms of the separate agreement will govern.

Availability

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time. The determination by the Bank as to whether it will enter into any Lease will be entirely at its sole discretion.

The aggregate amount owing under **Leases** advanced under this facility plus the aggregate Borrowings outstanding under Facility #3 must not exceed $1,000,000.00 at any time.

OTHER FACILITIES

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

a) Credit Card to a maximum amount of $50,000.00;

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

SECURITY

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

a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;

b) Guarantee and postponement of claim on the Bank's form 812 in the amount of $2,300,000.00 signed by 4318682 Nova Scotia Limited, supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 43186382 Nova Scotia Limited;

c) Guarantee and postponement of claim on the Bank's form 812 in the amount of $2,300,000.00 signed by 3284906 Nova Scotia Limited, supported by:

   i) a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 3284906 Nova Scotia Limited

   ii) a collateral mortgage in the amount of $812,500.00 constituting a first fixed charge on the lands and improvements located at 230 Foord Street, Stellarton, Nova Scotia;

d) Collateral mortgage in the amount of $1,050,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 11 Dudley Park Lane, Falmouth, Nova Scotia;

FINANCIAL COVENANTS

In the event that the Borrower, 3284906 Nova Scotia Limited or 4318682 Nova Scotia Limited changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

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

a) maintain on a combined basis for the Borrower, 3284906 Nova Scotia Limited, and 4318682 Nova Scotia Limited, to be measured as at the end of each fiscal year:

   i. Debt Service Coverage of not less than 1.25:1;

   ii. a ratio of Funded Debt to EBITDA of not greater than 4.00:1.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

a) annual Compliance Certificate, substantially in the form of Schedule "G" signed by an authorized signing officer of the Borrower, within 90 days of each fiscal year end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;

b) annual review engagement financial statements for the Borrower, within 90 days of each fiscal year end;

c) annual notice to reader combined financial statements for the Borrower, 3284906 Nova Scotia Limited, and 4318682 Nova Scotia Limited, within 90 days of each fiscal year end;

d) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

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

a) a duly executed copy of this Agreement;

b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;

c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require;

d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

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

f) no Borrowing under Facility #3 will be made available unless the Bank has received a Borrowing Request from the Borrower substantially in the form of Schedule "E";

g) no Lease will be made available to the Borrower unless it meets the leasing criteria established by the Bank and the Bank has received such documentation in respect thereof as may be required by the Bank.

BUSINESS LOAN INSURANCE PLAN

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

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

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

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

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

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

GOVERNING LAW JURISDICTION

Province of Nova Scotia.

ACCEPTANCE

This Agreement is open for acceptance until September 10, 2021, after which date it will be null and void, unless extended by the Bank in its sole discretion.

ROYAL BANK OF CANADA

Per: _____
Title: Vice President

RBC Contact: Leslie Otter

/kb

We acknowledge and accept the terms and conditions of this Agreement on this 8th day of Sept, 2021.

3343533 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 8th day of Sept, 2021.

3284906 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Guarantor.

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 2 day of Sept 2021.

4318682 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Guarantor.

Attachments:
Terms and Conditions
Schedules:
- Definitions
- Calculation and Payment of Interest and Fees
- Additional Borrowing Conditions
- Borrowing Request
- Compliance Certificate
- RBC Coverity Dashboard Terms and Conditions

Schedule "E"

BORROWING REQUEST

The Borrower hereby requests the following be established under Facility # 3 :

Date of Borrowing	August 11, 2021			
Amount of Borrowing:	$ 22,635.75			
Amortization (in months):	60 months			
Selected Term: (Borrowing repayable in full on the last day of the Term)	3 year fixed (36 month)			
Payment Amount:	$ 465.00			
Payment Frequency:	weekly ☐	bi-weekly ☐		
	semi-monthly ☐	monthly ☑		
	quarterly ☐	semi-annual ☐	annual ☐	
Selected Interest Rate (per annum):	2.77 % ☑	RBP + % ☐		
Selected Payment Type:	Blended Principal and Interest ☑ If variable interest rate selected with blended payments, the payment amount is subject to annual adjustment to ensure amortization	Principal Plus Interest ☐		
First Payment Due Date:	30 days after advance			
Amount Eligible for Prepayment of FRT Loan:	0% ☑	10% ☐		

Dated this 16 day of August, 2021.

3343533 NOVA SCOTIA LIMITED

Per: K Alexandria
Name:
Title:
Per: _____
Name:
Title:
I/We have the authority to bind the Borrower

SRF# 562842065

This is Exhibit "29" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB CC

Royal Bank of Canada
Guarantee and Postponement of Claim

SRF:
156748782

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
3284906 NOVA SCOTIA LIMITED

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **3284906 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$7,084,000.00 Seven Million Eighty-Four Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Prime Interest Rate of the Bank plus 5.000 Five** percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of

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one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the **Province of Nova Scotia** ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by

law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A Provinces.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 1 day of Feb 2024

3343533 NOVA SCOTIA LIMITED

K Alexander

Insert the full name and address of guarantor (Undersigned above).

Full name and address

This is Exhibit "25" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB DD

[Collateral Mortgage - Newfoundland, Nova Scotia, and Prince Edward Island]

This Collateral Mortgage made this 31st day of October, 2019.

BETWEEN: 3284906 NOVA SCOTIA LIMITED

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

(a) "Condominium Corporation" means the condominium corporation of which the Mortgagor is a member by virtue of ownership of the Mortgaged Premises;

(b) 'Condominium Unit(s)" means the condominium unit(s) and common interests appurtenant thereto described in Schedule "A" annexed hereto;

(c) 'Customer" means 3284906 Nova Scotia Limited who is a customer of the Mortgagee. If more than one person is named as a Customer, the term "Customer" means all and any one or more of them and the liabilities of the Customer (as hereinafter defined) means the liabilities of all or any one or more of them to the Mortgagee;

(d) "Guarantor" means the party or parties of the third part who has executed this Mortgage to guarantee the obligations of the Mortgagor pursuant to the provisions of Section 16 of this Mortgage;

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by the Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreementor dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of Two Hundred Twenty Thousand Dollars ($220,000.00)(the "Principal Sum"), together with interest from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

(Use one of the two below and delete the other)

(a) Fixed Interest Rate

Interest at the rate of _____ per centum (_____%) per annum, calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum;

(b) Prime Rate

Interest at a rate equal to the Mortgagee's Prime Interest Rate per annum in effect from time to time plus five per centum (P+5 %) per annum calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum. For the purpose hereof, the Prime Interest Rate is the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect

for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Mortgagee's Prime Interest Rate applicable at any time, or times, it is agreed that the certificate in writing of the Mortgagee setting forth the Mortgagee's Prime Interest Rate as at any time, or times, shall be conclusive evidence as to the Mortgagee's Prime Interest Rate as in the certificate set forth;

(g) "Loan" means any loan, facility or arrangement creating the Indebtedness;

(h) "Loan Document" means any agreement or instrument evidencing the Indebtedness;

(i) "Mortgagee" means Royal Bank of Canada;

(j) "Mortgaged Premises" means the lands described in Schedule "A" annexed hereto, together with all easements, rights of way, tenements, hereditaments, rights, privileges and appurtenances now or hereafter belonging or appertaining to these lands, and together with, if applicable, all buildings, erections, structures and appurtenances, fixed or otherwise, now or hereafter put on these lands and includes a Condominium Unit(s), if applicable;

(k) "Mortgagor" means the party or parties of the first part.

2.0 **RECITALS**

2.1 The Mortgagee has requested from the Mortgagor security for the due payment of the Indebtedness.

2.2 The Mortgagor has agreed to execute this Mortgage for the purpose of securing to the Mortgagee payment of the Indebtedness.

3.0 **CHARGE**

3.1 In consideration of the sum of $1.00, the Mortgagor assigns, conveys and mortgages, as beneficial owner by way of a first fixed and specific charge to the Mortgagee the Mortgaged Premises TO HOLD the Mortgaged Premises unto the Mortgagee:

(a) as to leasehold lands, for all the residue yet to come and unexpired of the term granted by the lease of the same except the last day thereof which is excepted out of the Mortgaged Premises but in respect of which the Mortgagor shall stand possessed in trust for the Mortgagee for the purpose of this Mortgage; and

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

3.2 Provided that this Mortgage shall be void upon the Mortgagor paying upon demand to the Mortgagee the Principal Sum and all other amounts payable by the Mortgagor hereunder and upon the due performance of all covenants and conditions herein contained and on the part of the Mortgagor to be observed and performed, but shall otherwise remain in full force and effect.

4.0 **COVENANTS**

4.1 The Mortgagor covenants with the Mortgagee that:

(a) The Mortgagor will pay upon demand that portion of the Principal Sum then outstanding, together with interest thereon from the date of demand at the Interest Rate, and on default the Mortgagee may enter and have quiet enjoyment of the Mortgaged Premises.

(b) (i) The Mortgagor will pay all taxes, rates and assessments and show receipts on demand, or at the option of the Mortgagee, pay to the Mortgagee one-twelfth of the yearly taxes as estimated by the Mortgagee on the first day of each and every month during the term or continuance of this Mortgage and the Mortgagee shall apply such payments on account of the taxes so long as the Mortgagor shall not default under any covenant or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of the taxes more often than yearly; or prior to discount or interest dates; provided however that if the Mortgagor shall pay any sum or sums to the Mortgagee to apply on account of the taxes and if before the same shall have been so applied there shall be default by the Mortgagor in respect of any payment of the Indebtedness, the Mortgagee may at its option apply such sum or sums in or towards payment of the principal and/or interest in default; and in the event that the taxes actually levied for any one year together with any interest and penalties

thereon exceed the estimated amount, the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency; and if the Mortgagor desires to take advantage of any discounts or avoid any penalty in connection with the payment of the taxes, the Mortgagor shall pay to the Mortgagee such additional amounts as are required and shall direct the Mortgagee to make such payments for that purpose; and the Mortgagor shall transmit to the Mortgagee forthwith after receiving them, tax bills and other notices affecting the imposition of taxes upon the Mortgaged Premises.

(ii) The Mortgagee shall allow the Mortgagor interest, at the rate prescribed by the Mortgagee on the minimum monthly balance outstanding in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less than once each year; and the Mortgagor shall be charged interest at the Interest Rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee until such debit balance is fully repaid.

(c) The Mortgagor has a good freehold/leasehold title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed, that the Mortgaged Premises are free from encumbrances, and that the Mortgagor will procure such further assurances as may reasonably be required.

(d) (i) The Mortgagor will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Mortgaged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Mortgaged Premises or the use thereof, in a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Mortgagee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee, and the Mortgagor will forthwith assign, transfer and deliver over unto the Mortgagee the policy or policies of insurance and receipts thereto appertaining; and if the Mortgagor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Mortgagee shall pay any premiums or sums of money for insurance for the buildings on the Mortgaged Premises or any part thereof the amount of such payment shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Mortgagor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this Mortgage shall be sufficient authority for the said insurance company to pay any such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Mortgaged Premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part, in payment of this Mortgage debt or any part thereof whether due or not then due.

(ii) If the Mortgaged Premises are comprised of one or more Condominium Units, the insurance provisions set out in subparagraph (i) above will not apply and the following will apply to this Mortgage:

The Mortgagor or the Condominium Corporation or both of them will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, the Condominium Unit(s), both during erection and thereafter and all fixtures as herein defined or referred to and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Condominium Unit(s) or the use thereof, in a company or companies approved by the Mortgagee; and the Mortgagor or the Condominium Corporation, or both of them, will forthwith provide to the Mortgagee certificates of insurance and such other evidence of insurance as the Mortgagee may require, and if the Mortgagor or Condominium Corporation, or both of them, shall

neglect to keep the Condominium Unit(s) insured as aforesaid, or to deliver such certificates or evidence of insurance to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obligated to insure the Condominium Unit(s); and the Mortgagor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies of insurance and, without limiting the generality of the obligation of the Mortgagor to observe and perform all the duties and obligations imposed on the Mortgagor by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, shall comply with the insurance provisions of the Declaration; and the Mortgagor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(e) The Mortgagor will keep the Mortgaged Premises in good condition and repair according to the nature and description thereof and if the Mortgaged Premises are not kept in good condition and repair or any act of waste is committed thereon by the Mortgagor or any person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor defaults the Mortgagee may enter and complete, repair or manage the Mortgaged Premises and recover all reasonable costs with interest at the Interest Rate as part of this Mortgage.

(f) The Mortgagor will not make or permit to be made any demolition, alterations or additions to the Mortgaged Premises without the consent of the Mortgagee, and will not use the Mortgaged Premises or permit them to be used without the consent of the Mortgagee for a purpose other than disclosed to the Mortgagee in the application for this Mortgage.

(g) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Mortgaged Premises to inspect the Mortgaged Premises, and the reasonable costs of such inspection shall be added to the indebtedness secured by this Mortgage.

(h) The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Mortgaged Premises or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at the Mortgagor's own expense make any and all improvements thereon or alterations to the Mortgaged Premises, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

(i) In the event of default being made under any of the terms of this Mortgage, the Mortgagee shall be entitled to send an inspector or agent to inspect and report upon the value, state, and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the Mortgaged Premises at the Mortgagor's expense, and all expenses incurred in so doing, together with all costs and charges (including solicitor and client costs) which the Mortgagee may incur or pay in collecting or attempting to collect the Principal Sum and any other monies secured hereunder, or in enforcing or attempting to enforce any of the remedies and powers herein contained for the recovery of the Principal Sum and any other monies secured hereunder, whether the proceedings taken prove abortive or not, and in recovering or attempting to procure possession of and keeping possession of the Mortgaged Premises or any part thereof, shall form and be a charge upon the Mortgaged Premises, and shall be payable forthwith to the Mortgagee by the Mortgagor, and shall bear interest at the Interest Rate computed from the time of payment.

(j) In the event of the Mortgagor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Mortgaged Premises to a purchaser, grantee or transferee not approved by the Mortgagee, then at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(k) The Mortgagor will not, without the prior written consent of the Mortgagee, give any further mortgage or charge of the Mortgaged Premises while this Mortgage is still outstanding and undischarged and if the Mortgagor should mortgage or charge the Mortgaged Premises in contravention of this paragraph then, at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(l) Any sum owing or required by this Mortgage to be paid by the Mortgagor to the Mortgagee shall be added to the Principal Sum and shall form a charge on the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

5.0 APPLICATION OF PAYMENTS

5.1 PROVIDED that, in the case of any default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.

6.0 ACTS OF DEFAULT

6.1 PROVIDED that in default of the payment of the Principal Sum and any other monies secured hereunder, or on breach of any covenant or proviso herein contained, or if waste be committed by the Mortgagor or any other person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor should make an assignment for the benefit of creditors, or a proposal under the *Bankruptcy and Insolvency Act*, or *Companies' Creditors Arrangement Act* or have a bankruptcy petition presented against the Mortgagor, or if the Mortgagor should allow a creditor to enter judgment against the Mortgagor by reason of its financial inability to pay a debt or debts, the whole of the Principal Sum and any other monies secured hereunder remaining unpaid shall become payable, but the Mortgagee may waive its right to demand payment of the Principal Sum and any other monies secured hereunder and shall not be therefor debarred from subsequently asserting and exercising its right to call in the Principal Sum and any other monies secured hereunder by reason of such waiver or by reason of any future default, and the Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advancing of any part of the Loan, shall bind the Mortgagee to advance any further part of the Loan, but the advance of the Loan or any part thereof shall be in the sole discretion of the Mortgagee.

7.0 PRIOR ENCUMBRANCES

7.1 PROVIDED that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the Mortgaged Premises, having priority over this Mortgage, including any arrears of taxes or other rates on the Mortgaged Premises or any of them, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Mortgaged Premises and all solicitors' charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Mortgagor thereunder, as between solicitor and client, whether any action or other judicial proceeding to enforce such payment has been taken or not and the amounts so paid shall be added to the indebtedness hereby secured and be a charge on the Mortgaged Premises and shall bear interest at the Interest Rate, and shall be forthwith payable by the Mortgagor to the Mortgagee and the non-payment of such amount shall entitle the Mortgagee to exercise the powers exercisable for breach of covenant hereinbefore contained. In the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

8.0 JUDGMENT

8.1 The taking of a judgment in respect of the indebtedness or any instrument or instruments now or hereafter representing or evidencing the indebtedness, or under any of the covenants herein, or in any such instrument contained or implied, shall not operate as a merger of the indebtedness or such instrument, instruments or covenants, nor affect the Mortgagee's right to interest at the Interest Rate, nor effect nor prejudice any rights or remedies given to the Mortgagee by the terms hereof.

9.0 FIXTURES

9.1 All machinery and improvements, fixed or otherwise, and even though not attached to the Mortgaged Premises otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Mortgaged Premises as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns and all persons claiming by, through or under them and shall be security for the indebtedness.

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

10.1 IT IS AGREED BY AND BETWEEN THE MORTGAGOR AND MORTGAGEE as follows:

(a) That no part of the indebtedness existing at the date of this Mortgage, or incurred or arising thereafter, shall be deemed to be unsecured by this Mortgage.

(b) That this Mortgage is and shall be a continuing collateral security to the Mortgagee for the amount of the indebtedness as herein provided and shall be deemed to be taken as security for the ultimate balance of the indebtedness and this Mortgage shall not, nor shall anything herein contained operate so as to create any merger or discharge of any debt

owing to the Mortgagee or any lien, bond, promissory note or bill of exchange or other security held by or which may hereinafter be held by the Mortgagee from the Mortgagor or from the Customer or from any other person or persons and this Mortgage shall not in any way prejudicially affect such security held or which may hereafter be held by the Mortgagee for the liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Mortgagee for or on account of the said liabilities or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Mortgage.

(c) That any and all payments made in respect of the indebtedness and interest and the monies or other proceeds received from the sale of any securities held therefor, including this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the indebtedness as the Mortgagee may see fit or may be held unappropriated in a separate collateral account for such time as the Mortgagee may see fit.

(d) That the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Mortgagor, the Customer, the Guarantor and all other persons, securities and guarantees as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage.

11.0 CHANGE OF CORPORATE CONTROL

11.1 Where the Mortgagor is a corporation, the Mortgagor covenants and agrees in the event that:

(a) the Mortgagor fails to supply to the Mortgagee, in a form satisfactory to the Mortgagee, such information relating to the ownership of its shares as the Mortgagee may from time to time require, or

(b) without the written consent of the Mortgagee first had and obtained,

(i) the Mortgagor issues or redeems any of its shares or transfers any of its shares;

(ii) there is a sale or sales of shares of the Mortgagor which results in the transfer of the legal or beneficial interest of a majority of the shares of the Mortgagor; or

(iii) there is a change in the effective control of the majority of the voting shares of the Mortgagor.

The Principal Sum secured by this Mortgage together with all interest and other monies owing hereunder shall forthwith become due and payable at the option of the Mortgagee and the Mortgagee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

12.0 RECEIVERSHIP

12.1 Notwithstanding anything herein contained, it is declared and agreed that if at any time when there shall be default under the provisions of this Mortgage, the Mortgagee may, at such time and from time to time, and with or without entry into possession of the Mortgaged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Mortgagee or not, to be a receiver (which term, as used herein, includes a receiver manager) of the Mortgaged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another receiver, and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any such receiver from time to time, the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Mortgaged Premises as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies, whether created before or after this Mortgage;

(ii) rent any portion of the Mortgaged Premises which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Premises left by the Mortgagor in an unfinished state

or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(v) manage, operate, repair, alter or extend the Mortgaged Premises or any part thereof.

The Mortgagor undertakes to ratify and confirm whatever any such receiver may do in the Mortgaged Premises.

(b) The Mortgagee may, at its discretion, vest the receiver with all or any of the rights and powers of the Mortgagee.

(c) The Mortgagee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Mortgaged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Mortgagor and, in no event, the agent of the Mortgagee and the Mortgagee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Premises.

(f) No such receiver shall be liable to the Mortgagor to account for monies other than monies actually received by the receiver in respect of the Mortgaged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's power and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Mortgaged Premises in priority to this Mortgage, including taxes;

(iv) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee, in its discretion, shall determine, and

thereafter, every such receiver shall be accountable to the Mortgagor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Mortgagor on demand and shall be a charge on the Mortgaged Premises and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Mortgagor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Mortgagee may, at any time and from time to time, terminate any such receivership by notice in writing to the Mortgagor and to any such receiver.

(i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have.

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

13.1 In the event that any one or more of the Mortgagor is not also the Customer, each such Mortgagor which is not also the Customer (hereinafter in this section 13.1 called "such Mortgagor") jointly and severally covenants with the Mortgagee as follows:

(a) this Mortgage and the covenants, provisos, obligations and agreements on the part of the Mortgagor herein contained shall be the continuing obligations and liability of each such Mortgagor and shall cover all of the liabilities and obligations of the Mortgagor hereunder and shall apply to and shall secure the ultimate balance of the Principal Sum, together with

all interest thereon, and any other monies secured hereunder;

(b) the Mortgagee shall not be bound to exhaust its recourse against the Customer or others or any securities (which term when used in this section 13.1 includes guarantees) it may at any time hold before being entitled to payment from each such Mortgagor of the Principal Sum, together with all interest thereon, and any other monies secured hereunder and each such Mortgagor renounces to all benefits of discussion and division;

(c) this Mortgage and the liabilities and obligations of each such Mortgagor hereunder shall not be affected by the death or loss or diminution of capacity of the Customer or of any such Mortgagor or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Customer, or by the Customer or the Customer's business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;

(d) this Mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Mortgagee and all dividends, compositions, proceeds of security valued and payments received by the Mortgagee from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of any Mortgagor to claim in reduction of his liability under this Mortgage, the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Mortgagee or proceeds thereof, and none of such Mortgagors shall have the right to be subrogated in any rights of the Mortgagee until the Mortgagee shall have received payment in full of all indebtedness;

(e) all of the Principal Sum and any other monies secured hereunder or intended to be secured hereby shall be deemed to form part of the obligations, debts and liabilities of each such Mortgagor notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or usable entity, and notwithstanding any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or creditors, or in the taking or registering of this Mortgage or any other securities, the whole whether known to the Mortgagee or not; and all the Principal Sum and any other monies secured hereunder shall be recoverable from each such Mortgagor as sole or principal debtor in respect thereof and shall be paid to the Mortgagee on demand with interest and accessories; and

(f) each such Mortgagor shall be bound by any account settled between the Mortgagee and the Customer, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Mortgagee shall be accepted by such Mortgagor and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Mortgagee or remains unpaid by the Customer to the Mortgagee.

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

14.1 It is the intention of the parties hereto that the building or buildings erected or to be erected on the Mortgaged Premises form part of the security for the Principal Sum secured by this Mortgage; and that all advances are to be made in such manner at such times and in such amounts up to the full amount of the Principal Sum as the Mortgagee in its sole discretion may determine, and subject always to the provision to which the Mortgagor hereby agrees that notwithstanding the execution or registration of this Mortgage or the advancement of any part of the Loan, the Mortgagee is not bound to advance the Loan or any unadvanced portion thereof and the advance of the Loan and any part thereof from time to time shall be in the sole discretion of the Mortgagee, but nevertheless, this Mortgage hereby made shall take effect forthwith upon execution by the Mortgagor and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the Loan not being advanced, the same to be charged hereby upon the Mortgaged Premises and shall be without demand thereof, payable forthwith with interest at the Interest Rate and in default, the Mortgagee's power of sale hereby given and all other remedies hereunder shall be exercisable.

15.0 EXTENSIONS

15.1 PROVIDED that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor or any other dealing with the owner of the Mortgaged Premises, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the monies hereby secured.

16.0 GUARANTEE OF MORTGAGE

16.1 **IN CONSIDERATION** of the Mortgagee making loans, accommodations, advances or other extensions of credit to the Customer which are the basis for the indebtedness, each Guarantor hereby agrees with the Mortgagee as follows:

(a) Each Guarantor hereby:

(i) guarantees the payment by the Mortgagor to the Mortgagee of all of the Principal Sum and other liabilities of the Mortgagor secured or payable under this Mortgage, present or future covenant, direct or indirect, absolute or contingent, matured or not, including, without limitation, principal, interest, taxes, fees and expenses as and when the same are due and payable under this Mortgage (the "Guaranteed Amounts"); and

(ii) covenants and agrees to perform all other covenants and obligations of the Mortgagor under this Mortgage as and when the same are required to be observed or performed under this Mortgage (the "Guaranteed Covenants");

in each case without any demand required to be made. The obligations of the Mortgagor to pay the Guaranteed Amounts and perform and observe the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations", and this guarantee is hereinafter referred to as the "Guarantee".

(b) If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to "the Guarantor" is to each and every such Guarantor.

(c) If any monies or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor, or any of them, on the footing of a guarantee for any reason whatever, such monies or amounts may be recovered from the Guarantor, or any of them, as a primary obligor and principal debtor in respect of such monies or amounts, regardless of whether such monies or amounts are recoverable from the Mortgagor or would be payable by the Mortgagor to the Mortgagee. For greater certainty, but without restricting the generality of the foregoing, if the Mortgagee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations, including, without limitation, the right of acceleration, the right to be paid interest at the Interest Rate in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Mortgagee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Mortgagor and the Mortgagee; provided, however, that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended and shall not be interpreted to confer on the Guarantor, or any of them, any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

(d) Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Mortgagee may:

(i) grant any time, indulgences, waivers or extensions of time for payment of any of the Guaranteed Obligations;

(ii) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage, and whether by express agreement signed by the Mortgagor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(iii) change the interest rate provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such interest rate is calculated or determined; change from a fixed rate to a variable or floating rate, or from a variable or floating rate to a fixed rate, or otherwise;

(iv) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of this Mortgage in any manner whatever;

(v) release or discharge from this Mortgage the whole or any part of the Mortgaged Premises or any other security for the Indebtedness;

(vi) advance additional principal amounts to the Customer pursuant to any provision of this Mortgage and/or a Loan Document that permits the Customer to borrow such additional principal amounts from the Mortgagee;

(vii) permit the Customer to prepay the Indebtedness, in whole or in part, or to skip any one or more scheduled instalments of payments of principal and interest, or to pay one or more such scheduled instalment on a scheduled payment date under a Loan Document that permits such prepayment, skipping or multiple payments or otherwise;

(viii) accept compositions, compromises or proposals from the Customer or otherwise deal with the Customer or any other person (including, without limitation, the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including, without limitation, this Mortgage) or the Mortgaged Premises or any security as the Mortgagee sees fit, including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Indebtedness;

(ix) release or discharge any Guarantor, or one or more other co-covenantors or guarantors or Mortgagors in respect of this Mortgage, whether under this Guarantee or otherwise; or

(x) release any subsequent legal or beneficial owner of the Mortgaged Premises from any liability for the Guaranteed Obligations, or any of them, or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under the Guarantee, regardless of whether any such action has the effect of amending or varying this Mortgage or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Mortgagor under this Mortgage as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if the interest rate provided in this Mortgage is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

(e) The obligations of the Guarantor hereunder shall be unaffected by:

(i) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Mortgagor, the Customer or any Guarantor or any other party;

(ii) any irregularity, defect, unenforceability or invalidity in respect of the Indebtedness or this Mortgage or any indebtedness, liability or other obligation of the Mortgagor or any other party;

(iii) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

(iv) any judgment obtained against the Mortgagor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation any money on deposit and any guarantee) or any right or remedy, from or against the Mortgagor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect, any security (including without limitation any money on deposit or any guarantee) or any right or remedy;

(v) any change in the name, control, objects, business, assets, capital structure or constitution of the Mortgagor, the Customer or any Guarantor, or any merger or amalgamation of the Mortgagor, the Customer or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Mortgagor, the Customer or Guarantor was originally formed, or any change in the membership of the Mortgagor, the Customer or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Mortgagor", the "Customer", or the "Guarantor" in this Mortgage will be deemed to include each corporation and each partnership resulting from any of the foregoing;

(vi) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of this Mortgage or the Guarantee, or the Mortgagor, the Customer or any Guarantor;

(vii) any failure on the part of the Mortgagee to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Mortgagee with respect to this Mortgage, or any other security granted to the Mortgagee relating to this Mortgage or the Indebtedness; and

(viii) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;

It being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Mortgage shall be absolute and unconditional under any and all circumstances.

(f) Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Mortgagee in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Mortgagee, and the Guarantor shall not seek any reimbursement from the Mortgagor.

(g) The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Mortgage (whether such payment shall have been made by or on behalf of the Mortgagor or the Guarantor or any of them) is rescinded, or is reclaimed from the Mortgagee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Mortgagor, the Customer or the Guarantor or any of them, or for any other reason.

(h) The Mortgagee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Mortgagor, the Customer or any other party or any assets of the Mortgagor, the Customer or of any other party before being entitled to demand payment or performance by any Guarantor of its obligations under this Mortgage. Each Guarantor hereby waives all benefit of discussion and division.

(i) Any Guarantor may, by notice in writing delivered to the manager of the branch or agency of the Mortgagee receiving this instrument, terminate the Guarantor's liability under this Mortgage with effect from and after the date (the "Termination Date") that is 30 days following the date of such notice in respect of Guaranteed Obligations incurred or arising at any time on or after the Termination Date but not in respect of any Guaranteed Obligations incurred, arising or existing before the Termination Date, even though not then matured. Notwithstanding the foregoing, the Mortgagee may fulfil any requirements of the Mortgagor under this Mortgage or any indebtedness requested by the Mortgagor prior to the receipt of such notice, and any liabilities of the Mortgagor resulting from such fulfilment shall be added to the Guaranteed Obligations and shall be secured by this Mortgage. Termination of the liability of one or more of the Guarantors shall not affect the liability of any other Guarantor.

(j) Each Guarantor shall indemnify and save harmless the Mortgagee from and against all losses, damages, costs and expenses which the Mortgagee may sustain, incur or become liable for by reason of:

(i) the failure, for any reason whatever, of the Mortgagor to pay any amounts expressed to be payable pursuant to the provisions of this Mortgage, regardless of whether the Mortgagor's obligation to pay such amounts is valid or enforceable against the Mortgagor;

(ii) the failure, for any reason whatever, of the Mortgagor to perform any other obligation under this Mortgage; or

(iii) any act, action or proceeding of or by the Mortgagee for or in connection with the recovery of such amounts or the performance of such obligations.

(k) The Guarantee shall be operative and binding upon every Guarantor upon execution and delivery of this Mortgage by such Guarantor, regardless of whether it has been executed by any other proposed guarantor or guarantors.

17.0 CONDOMINIUMS

17.1 If this Mortgage charges one or more Condominium Units, the following provisions shall apply:

(a) The Mortgagor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Mortgagor by the Condominium Act, the declaration, the by-laws, and the rules, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the Condominium Unit(s). Any breach of the said duties and obligations shall constitute a breach of covenant under this Mortgage.

(b) Without limiting the generality of the foregoing, the Mortgagor covenants and agrees that he will pay promptly when due any contributions to common expenses required of him as an owner of the Condominium Unit(s) and in the event of his default in doing so the Mortgagee, at its option, may pay the same and the amount so paid shall be added to the debt secured by this Mortgage and shall be a charge on the Condominium Unit(s) and shall bear interest at the Interest Rate from the time of such payments and shall be payable forthwith by the Mortgagor to the Mortgagee whether or not any payment in default has priority to this Mortgage or any part of the monies secured thereby.

(c) The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee to exercise the right of the Mortgagor as an owner of the Condominium Unit(s) to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the said Condominium Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgagee

revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Mortgagee shall not by virtue of the assignment to the Mortgagee of the right to vote or consent be under any obligation to vote or consent to protect the interests of the Mortgagor.

(iii) The exercise of the right to vote or consent shall not constitute the Mortgagee a mortgagee in possession.

18.0 DISTRESS

18.1 **PROVIDED** that and it is further stipulated and agreed by and between the parties to this Mortgage that the Mortgagee, its successors or assigns, may distrain for arrears of interest against the Mortgaged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payment of taxes, if required, in the same manner as if the same were arrears of interest.

19.0 RIGHTS ON DEFAULT

19.1 The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Mortgagor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Mortgagee may, at such time or times as it may deem necessary and without the concurrence of any other person, enter upon the Mortgaged Premises and make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Mortgaged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee, and shall be a charge upon the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

19.2 **PROVIDED** also that in the event of default of payment of the Principal Sum with interest thereon and any other monies secured hereunder, or in the due performance of any provision in this Mortgage, the Mortgagee may, where legally permitted or required, enter on or lease or sell the Mortgaged Premises, but no power of sale shall be exercised until after four weeks' notice has been given. Any such sale may be a sale of the Mortgaged Premises as a whole or in separate parcels at public auction, by public tender or by private sale or partly in one manner and partly in another manner or manners, at such time and on such terms and conditions as the Mortgagee shall appoint, having first given such notice as it may think proper or as may be required by law, and upon such reasonable conditions as to upset or reserve, bid or price and as to terms of payment as it may deem proper. The Mortgagee may adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Mortgaged Premises good and sufficient deed or deeds for the same, the Mortgagee being hereby constituted the irrevocable attorney of the Mortgagor for the purpose of making such sale and executing such deeds and any such sale as aforesaid shall be a perpetual bar both at law and at equity against the Mortgagor and all persons claiming the Mortgaged Premises, by, from, through or under the Mortgagor; provided that the Mortgagee shall have the right exercisable and any time and from time to time to purchase all or any part of the Mortgaged Premises if the same are sold by public auction or by public tender.

20.0 OBLIGATIONS SURVIVE SALE

20.1 **PROVIDED** further that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the monies hereby secured.

21.0 NEW HOME WARRANTY PLAN ACT

21.1 If the Mortgagee incurs any cost or expense of any nature or kind, in any way arising from or relating to a new home warranty act or similar legislation and the regulations thereunder, including any amendments or replacements, or either of them (the "Act"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the Act or enrolling the Mortgaged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a mortgage on the Mortgaged Premises in priority to all other encumbrances registered or arising subsequent to this Mortgage and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee.

22.0 PARTIAL RELEASE

22.1 **PROVIDED** that the Mortgagee may at all times release any part or parts of the Mortgaged Premises or other security or any surety or guarantor for payment of all or any part of the indebtedness hereby secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the indebtedness, either with or without consideration therefore, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other party to this Mortgage, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release, the Mortgaged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the Principal Sum secured by this Mortgage.

23.0 RELEASE

23.1 The Mortgagee shall have a reasonable time after payment in full of the amounts secured by this Mortgage within which to prepare, execute and register, if required, a discharge or assignment of this Mortgage; provided that interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Mortgagee. All legal and other expenses for the preparation, execution and registration, as applicable, of such discharge or assignment and any other administrative fee of the Mortgagee in connection therewith shall be borne by the Mortgagor.

24.0 LIENS AND CONSTRUCTION

24.1 **PROVIDED** also that upon the registration of any lien against the Mortgaged Premises, or in the event of any buildings being erected thereon or allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the Principal Sum, together with interest at the Interest Rate, and all other amounts secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable. In the event any lien is registered against the Mortgaged Premises, the Mortgagee shall have the right, but not the obligation, to pay such amounts as may be required to vacate the lien. Any amount so paid by the Mortgagee, together with all costs, charges and expenses incurred by the Mortgagee in connection therewith, including all solicitors' charges or commissions, on a solicitor and its own client basis, shall be added to the Principal Sum secured by this Mortgage and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Mortgaged Premises prior to all claims thereon subsequent to this Mortgage, and shall be forthwith payable on demand.

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

25.1 It is agreed that in the event that at any time any provision of this Mortgage is illegal or invalid under, or inconsistent with, the provisions of any applicable statute or regulation thereunder or would, by reason of the provisions of any such statute or regulation, render the Mortgagee unable to collect the amount of any loss sustained by it as a result of providing the indebtedness which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would render the Mortgagee unable to collect the amount of any such loss.

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

26.1 **PROVIDED** that no failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall prejudice such rights or any other rights of the Mortgagee; no performance or payment by the Mortgagee in respect of any breach or default hereunder of the Mortgagor shall relieve the Mortgagor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

27.0 MORTGAGEE'S EXPENSES

27.1 The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to this Mortgage, and to any and all documents required in connection therewith, and of any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable hereunder including, without limiting the generality of the foregoing, all solicitors' fees, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Mortgagee thereon and all costs and expenses valuing the Mortgaged Premises in connection with the foregoing. The Mortgagor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Interest Rate and shall be a charge on the Mortgaged Premises.

28.0 OTHER SECURITY

28.1 This Mortgage is in addition to, and not in substitution for, any other security held by the Mortgagee, including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Mortgagee for the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. Without limiting the generality of the foregoing, this Mortgage is in addition to, and not in substitution for, any other charges now or hereafter held by the Mortgagee over the Mortgaged Premises as security for monies advanced hereunder or any other monies due to the Mortgagee, and it is understood and agreed that the aggregate principal amount secured by this Mortgage and such other charges shall be the sum of the Principal Sum and all other monies secured hereunder and the respective principal amounts of such other charges.

29.0 HEADINGS

29.1 The headings of sections herein are inserted for convenience or reference only and shall not affect the construction or interpretation of this Mortgage.

30.0 INTERPRETATION

30.1 AND it is hereby agreed that where the context requires, words in the singular include the plural, and words importing the masculine gender include the feminine and neuter genders. All covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor shall be joint and several, and shall be binding upon the heirs, executors, administrators, successors and assigns of the Mortgagor, as the case may be.

30.2 This Mortgage is made in pursuance of any applicable enactments respecting short forms of indentures.

31.0 RECEIPT OF TRUE COPY

31.1 The Mortgagor (and the Guarantor, if applicable) acknowledges receipt of a copy of this Mortgage.

IN WITNESS WHEREOF the Mortgagor (and the Guarantor, if applicable) has properly executed this Mortgage the day and year first above written.

SIGNED, SEALED AND DELIVERED
In the presence of

Christena Hirschfeld

*3284906 NOVA SCOTIA LIMITED

K Alex Rice

Per: Alex Rice, President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3284906 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 31st day of October, 2019, before me:

A Barrister of the Supreme Court of
Nova Scotia
Christene H. Hirschfeld, Q.C.

Alex K. Rice

PARCEL DESCRIPTION REPORT Schedule "A"

2019-11-07 18:25:00

PID: 65044018
CURRENT STATUS: ACTIVE
EFFECTIVE DATE/TIME: 2014-01-14 09:14:39

PID NO. 65044018

PLACE NAME: Stellarton, Trafalgar Road, Pictou County, Nova Scotia

MUNICIPALITY/COUNTY: Pictou County

DESIGNATION OF PARCEL ON PLAN: LOT 2-B

TITLE OF PLAN: Plan of Subdivision showing Lots 2, 3 & Parcel A lands owned by L. Burge Services Limited and Parcel B owned by Bernard R. MacDougall Riverton, Pictou County, Nova Scotia

REGISTRATION COUNTY: Pictou County

REGISTRATION NUMBER OF PLAN: 3286

REGISTRATION DATE OF PLAN: March 12, 1990

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act

Registration District: PICTOU COUNTY
Registration Year: 1990
Plan or Document Number: 3286

External Comments:

Description Change Details:

Reason:
Author of New or Changed Description:

Name:

Registered Instruments:

Comments:

This is Exhibit "26" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia
COLTON SMITH

4150-9669-7171

TAB EE

E-FORM 760
(2000/03)

ASSIGNMENT OF RENTS

THIS INDENTURE made this 31st day of October, 2019.

BETWEEN:

3284906 Nova Scotia Limited

hereinafter called the "Assignor"

OF THE FIRST PART,

and

ROYAL BANK OF CANADA

hereinafter called the "Assignee"
OF THE SECOND PART.

WHEREAS, by a Mortgage dated October 31, 2019 and registered in the Land Registry Office for the Land (Registry/Titles) Division of Halifax, as instrument No. 123641020 the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed which Mortgage secures payment of the sum of Two Hundred Twenty Thousand Dollars ($220,000.00) and interest as therein mentioned and which Mortgage is hereinafter referred to as "the Mortgage". Whenever in this indenture reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof and any Mortgage taken in substitution therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee, its successors and assigns, the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from, leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto (the "Leases") now or hereafter entered into by the Assignor as landlord with tenants thereof (Lessees) and including without limitation the specific leases referred to in Schedule "B" hereto annexed, as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this Indenture contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS INDENTURE WITNESSETH that the Assignor in consideration of the premises, the making of the said Mortgage, and the sum of One ($1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases (including without limitation the specific leases referred to in Schedule "B" hereto annexed) and all benefits and advantages to be derived therefrom, to hold and receive the same unto the said Assignee, its successors and assigns.

2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months' of such rents being prepaid under such Leases, or variation, cancellation or surrender of any of the Leases, or of the terms, covenants, provisos or conditions thereof.

3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.

4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this Indenture herein contained in any or all of the following ways:

(a) in its own name;

(b) in the name of the Assignor, and

(c) in the names of both the Assignor and the Assignee jointly.

5. The Assignor agrees to assign any of the said Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of its security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases, (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises on the lands and premises described in Schedule "A" hereto or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the said Lessee to make such payments, and the payments of the said rentals to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an Arbitration Award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this Assignment of Rents upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the
Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this Assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this Indenture contained shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and that the Assignee shall not by virtue of these presents be deemed a mortgagee in possession of the lands and premises described in Schedule "A" hereto and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of these presents.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this Indenture shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

13. IT IS HEREBY DECLARED AND AGREED that these presents and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF the Assignor has hereunto affixed its corporate seal under the hands of its proper signing officers duly authorized in that behalf.

SIGNED, SEALED AND)
)
DELIVERED BY)
)
)
)
)
)
)
)
)
)

Witness
Christena Hirschfeld

3284906 Nova Scotia Limited

Per: _____
Name: Alex K. Rice
Title: President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3284906 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 31st day of October, 2019, before me:

A Barrister of the Supreme Court of
Nova Scotia
Christene H. Hirschfeld, Q.C.

Alex K. Rice

SCHEDULE "A"

See attached.

PARCEL DESCRIPTION REPORT

Schedule "A"

2019-11-07 18:25:00

PID: 65044018
CURRENT STATUS: ACTIVE
EFFECTIVE DATE/TIME: 2014-01-14 09:14:39

PID NO. 65044018

PLACE NAME: Stellarton, Trafalgar Road, Pictou County, Nova Scotia

MUNICIPALITY/COUNTY: Pictou County

DESIGNATION OF PARCEL ON PLAN: LOT 2-B

TITLE OF PLAN: Plan of Subdivision showing Lots 2, 3 & Parcel A lands owned by L. Burge Services Limited and Parcel B owned by Bernard R. MacDougall Riverton, Pictou County, Nova Scotia

REGISTRATION COUNTY: Pictou County

REGISTRATION NUMBER OF PLAN: 3286

REGISTRATION DATE OF PLAN: March 12, 1990

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act

Registration District: PICTOU COUNTY
Registration Year: 1990
Plan or Document Number: 3286

External Comments:

Description Change Details:

Reason:
Author of New or Changed Description:

Name:

Registered Instruments:

Comments:

SCHEDULE "B"

All leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto.

This is Exhibit "27" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB FF

Royal Bank of Canada
Guarantee and Postponement of Claim

SRF:
156748782

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
3284906 NOVA SCOTIA LIMITED

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **3284906 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$7,084,000.00 Seven Million Eighty-Four Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Prime Interest Rate of the Bank plus 5.000 Five** percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of

®Registered trademark of Royal Bank of Canada

one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the **Province of Nova Scotia** ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by

law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A Provinces.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 13 day of June, 23.

4318682 NOVA SCOTIA LIMITED

Insert the full name and address of guarantor (Undersigned above).

Full name and address

This is Exhibit "28" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024



A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB GG

va Scotia Spirit Co.
lance Sheet As at 30/06/2022

ET

rrent Assets		
Cash to be Deposited	5,250.00	
Stellarton Market Float	300.00	
Seaport Market Float	250.00	
Online Funds to be Deposited	11,122.88	
Office Float	130.00	
Christmas Market Float	250.00	
Payroll Clearing	42.53	
Petty Cash	187.35	
East Coast Chequing- CAD	688.78	
East Coast Chequing - USD	112.09	
Total Cash		18,333.63
Prepaids		40,526.37
Deferred Financing		4,500.00
Garnishees		497.76
Rent clearing		-52.04
Accounts Receivable	963,334.67	
nsurance Receivable	109,853.00	
Total Receivable		1,073,187.67
Prepaid Expenses		50,246.37
TC Receivable		132,073.44
:al Current Assets		1,319,313.20
entory Assets		
nv Adj Acct		133.93
Year End Inventory		166,159.35
nventory		1,562,207.91
Raw Material - Full Proof		181,572.99
Blended Material		119,093.22
Finished Product		641,059.26
Merchandise - Clothing		97,970.32
Promotional Goods		40,625.24
:al Inventory Assets		2,808,822.22
pital Assets		
Leasehold Improvements	201,882.33	
Acc. Amort. - Leasehold Improvement	-16,913.30	
Net - Leasehold Improvements		184,969.03
Warehouse Fixtures		7,790.89
Lighting and Fixtures		4,264.93
Fencing		5,300.00
Acc Amort fencing		-768.50
Land		192,499.96
Computer Equipment	92,702.96	
Accum. Amort. - Computer Equip.	-42,470.15	
Net - Computer Equipment		50,232.81
Net - Furniture & Equipment		58,471.40
Net - Marketing Equipment		48,441.77
Equipment	3,166,933.68	
Accum. Amort. - Equipment	-1,711,566.09	
Net - Equipment		1,455,367.59
Tools	12,782.04	
Accum. Amort. - Tools	-5,491.75	
Net - Tools		7,290.29
Vehicle	490,134.36	
Accum. Amort. -Vehicle	-269,589.72	
Net - Vehicle		220,544.64
Net - Building		1,214,549.16
Restaurant Equipment		279,093.28
Restaurant		824,603.06
Restaurant Parking Lot		14,314.22
Restaurant Furniture and Fixtures		10,630.18

ted On: 26/11/2024

va Scotia Spirit Co.
lance Sheet As at 30/06/2022

Restaurant Exterior Equipment		104,043.38
Acc amortization parking lot		-2,198.67
Accumulated amortization restaurant		-70,495.66
al Capital Assets		4,608,943.76
AL ASSET		8,737,079.18
ILITY		
rrent Liabilities		
Accounts Payable		1,818,893.62
Accounting Accrual		17,500.00
RBC Visa Payable (Tony)	1,958.46	
RBC Visa Payable (Michaela)	476.85	
RBC Visa Payable (Daniel)	2,700.15	
RBC Visa Payable (Breanna)	506.93	
Corporate AMEX Payable	50,757.39	
RBC Visa Payable (KRISTEN)	95,411.50	
Visa Payable (Evan)	8,539.75	
RBC Visa Payable (ALEX)	7,606.22	
RBC Visa Payable (Henderson)	4,456.08	
RBC Visa Payable (Scott)	4,521.22	
RBC Visa Payable (Maia)	263.80	
RBC Visa Payable (Nathaniel)	3,412.62	
RBC Visa Payable (Restaurant)	2,144.11	
RBC Visa Payable (Paul)	2,554.12	
Total Credit Card Payables		185,309.20
Corporate Taxes payable		-1,933.00
GST/HST Charged on Sales	41,174.14	
GST/HST Paid on Meals	-2,059.01	
GST/HST Paid on Purchases	-36,115.43	
Net HST		2,999.70
Prepaid Sales/Deposits		514.01
Keg Deposits		150.00
Current Portion of LTD		134,720.17
Current Portion - Callable Debt		587,807.79
al Current Liabilities		2,745,961.49
ıg Term Liabilities		
Mazda Payable (2021)		81,340.57
Mazda Payable (2019)		8,957.73
Equipment Loan 026		635,449.47
Equipment Loan 028		177,470.04
Equipment Loan 029		78,671.84
Equipment LOC G 017		373,437.15
RBC Visa LOC (CEBA)		40,000.00
Mazda Payable (2020)		21,077.75
Operating LOC		1,206,500.00
Equipment LOC 024		163,461.39
Equipment Loan 025		310,947.01
Equipment LOC - 030		331,323.26
TELUS Device Payable		4,072.28
Mortgage - 230 Foord St (#27)		567,001.24
Mortgage - 6264 Trafalgar Rd (#12)		120,182.38
Equipment LOC H 018		394,381.07
Equipment LOC I 019		660,226.74
ACOA #218170		250,000.00
Shareholder - Alex		-48,624.19
Shareholder - Dan		-1.00
Due to/from Evan MacEachern		-24,310.36
Due to/from Blue Ocean Management		-673,663.00
Due to/from 4205013 NS Ltd (ACC)		-351,466.88
Due to/from 3343533 NS Ltd (SFW)		-605,710.54
Due to Related Party 3342963 NS ltd		-2,119.48
Due to/from 3317427 NS Ltd		-35,288.12

va Scotia Spirit Co.
lance Sheet As at 30/06/2022

Due to/from BL Public House	-20,549.26
Current Portion Callable Debt-Contr	-587,807.79
Current Portion of LTD - Contra	-134,720.17
al Long Term Liabilities	2,940,239.13
AL LIABILITY	5,686,200.62
ITY	
ners Equity	
Retained Earnings - Previous Year	2,994,329.90
Common Shares	2.00
Current Earnings	56,546.66
al Owners Equity	3,050,878.56
AL EQUITY	3,050,878.56
ILITIES AND EQUITY	8,737,079.18

ted On: 26/11/2024

va Scotia Spirit Co.
:ome Statement 01/07/2021 to 30/06/2022

ENUE

es Revenue		
Hand Sanitizer Sales		7,176.44
Non Taxable Revenue		3,742.71
Miscellaneous Markets Sales		1,542.88
Christmas Market Sales		8,055.29
Farmer's Market Sales		121.74
Foord St. Sales		87,589.93
Online Sales		31,308.86
NSLC Sales		5,471,684.26
LCBO Sales		1,229,931.36
Bishops Cellar Sales		181,403.07
Harvest Sales		425,662.77
PEILCC Sales		504,571.41
ANBL Sales		505,659.88
NLC Sales		113,108.41
JSA Sales		8,997.62
Staff Sales		32,229.13
Direct Sales		1,046,951.74
Promotional Sales		48,402.11
Miscellaneous Revenue		1,580,936.34
Rent Revenue		108,000.00
t Sales		11,397,075.95
ıer Revenue		
Freight Revenue		3,954.99
Grant Revenue		39,708.46
:al Other Revenue		43,663.45
AL REVENUE		11,440,739.40

ENSE

st of Goods Sold		
COGS - Direct Labour		409,887.14
COGS - Fuel (Deliveries)		6,092.06
COGS - Fuel (Supply Runs)		3,187.13
COGS - MOH (Indirect Labour)		60,727.38
Raw Materials		125,689.13
COGS - Fisherman's Helper Whi...		90,996.71
COGS - Blue Lobster Vodka		880,923.17
COGS - Willing to Learn Gin		138,403.35
COGS - Ready To Drink		3,478,638.14
COGS - Beer		36,696.60
COGS - Kegged Spirit Products		19,190.75
COGS - Hand Sanitizer		413.50
Raw Materials: Bottles/Boxes/Lids		17,933.36
COGS - Package Product		80,215.09
NSLC Product Bill Back		121,013.57
ANBL Product Bill Back		3,544.54
LCBO Product Bill Back		1,593.54
COGS - Merchandise		66,577.05
CO2		111,164.23
nventory adj		24,431.11
nventory Adjustment		-166,981.31
Spillage/Damage WO		148,489.28
Excise Tax		351,243.45
Divert NS		5,015.85
RMSA		25,061.02
Rebates		13,523.80
Research & Development		20,370.65
Professional Development		1,454.00
Subcontracts		6,911.43
Early Payment Purchase Discou...	-1,189.43	

ted On: 26/11/2024

va Scotia Spirit Co.
:ome Statement 01/07/2021 to 30/06/2022

Net Purchases	-1,189.43
Online Sales Shipping	1,685.50
Freight Out Expense (Sales)	97,960.97
Customs Brokerage	15,441.47
Storage	125,008.50
Freight to Storage	43,893.59
Freight In Inventory	110,444.20
:al Cost of Goods Sold	6,475,650.52
yroll Expenses	
Wages & Salary - Plant Manage...	144,264.45
Wages & Salary - PEI	937.50
Wages & Salary - Administration	102,939.26
Wages & Salary - Sales	139,053.45
Wages & Salary - Spirits	51,469.85
Wages & Salary - Projects	133,651.25
Wages & Salary - Delivery	59,366.29
Wages & Salary - Markets & Eve...	89,585.80
Employee Bonuses	146,677.39
Wages & Salary - RTD	187,334.77
Wages & Salary - Non NS	41,232.48
EI Expense	51,675.78
CPP Expense	43,150.79
WCB Expense	17,839.83
Employee Benefits	20,541.64
Non-Taxable Employee Benefits	701.85
Car Allowance	5,040.14
Professional Fees	58,225.00
Payroll Processing	2,049.19
:al Payroll Expense	1,295,736.71
ministration	
Hiring	2,083.79
Auto	26,713.03
Fuel	61,781.70
Bad Debt	3,763.26
Cash (Over)/Under	84.60
Courier & Shipping	22,784.35
E-Commerce Shipping & Packag...	2,194.23
Travel	104,861.96
Trade Shows and Expos	3,038.20
Membership Fees and Dues	938.13
:al Administration	228,243.25
:al Ontario Expenses	12,549.87
vertising And Promotions	
Agency Fees	212,100.70
LCBO Promo	3,375.00
Media Advertising (photos, video)	4,611.25
Advertising	117,957.74
Promo Materials	3,437.80
PEI Promo	1,989.69
NSLC Promo	16,891.96
Donations (NonCharitable)	15,379.90
Donations	14,278.00
Sponsorship	99,042.89
Direct Customer Promo Items	9,402.42
Samples - US Account	5,905.67
Entertainment - Golf	7,015.12
Entertainment - Meals	116,601.96
University Rep Program	5,954.95
Samples (Giveaways)	5,325.77
Marketing - Influencers	1,317.47
Staff Events and Giveaways	3,816.25

ted On: 26/11/2024

va Scotia Spirit Co.
ome Statement 01/07/2021 to 30/06/2022

Miscellaneous Events	34,619.51
Misc Marketing Supplies	4,346.51
Tasting Supplies	2,133.99
Merchandise and Swag Giveawa...	352.14
Signage	3,678.63
al Advertising And Promoti...	689,535.32
inbursments	
Staff Reimbursements	701.23
al Reinbursments	701.23
pairs and Maintenance	
General	1,340.83
Shop Supplies	64,878.99
nsurance Claim	1,167.80
Brew Lab Supplies	21.99
Landscaping/Patio	13,658.25
Pest Control	2,031.28
Security Expenses	6,018.15
Waste Disposal And Recycling	16,352.49
Repairs and Maintenance	56,210.90
Equip. R&M	44,202.17
Lab Supplies and Testing	332.10
al Repairs And Maintenance	206,214.95
al E-Commerce	3,163.54
pplies	
Cleaning And Chemicals	17,513.03
Gift certificates	885.00
Merchandising And Displays	2,339.74
Office	54,612.79
Software and Computer Mainten...	18,848.65
Printing & Stationery	5,293.81
Uniform & Personal Protective E...	3,952.00
al Supplies	103,445.02
lities	
nternet	4,742.79
Cellular	7,246.27
Power	75,289.68
Gas	82,252.56
Telephone	15,979.35
Water	7,927.80
al Utilities	193,438.45
al PEI Expenses	428.98
scellaneous	
First Data Processing Fee	1,926.90
al Miscellaneous	1,926.90
nagement	
Management allocation	487,675.27
al Management	487,675.27
n Controllable Expenses	
Accounting Fees (External)	21,735.83
Bank Charges And Interest	13,677.63
Square Fees	29,511.06
Director's Fees	120,000.00
Equipment Rental	3,874.01
nsurance	71,884.00

ted On: 26/11/2024

va Scotia Spirit Co.
ome Statement 01/07/2021 to 30/06/2022

egal Fees	12,572.70
icense Fees & Dues	14,549.63
Management Fees and Bonuses	99,999.96
Property Taxes	31,855.73
Rent Fixed	79,900.00
Fire Protection & Maintenance	7,146.48
CRA Penalties and Interest	17,870.34
al Non Controllable Expens...	524,577.37
count/Promo/QSA	
Product Samples	3.66
Coupons	87.26
Promotion - Liquor	30,827.48
Promotion - Food	538.64
QSA	4,481.40
al Discount/Promo/QSA	35,938.44
ner Expenses	
nterest on Vehicle Loans	142.02
Amortization and Depreciation	908,725.18
nterest on Equipment LOC	100,634.64
nterest on Operating LOC	55,352.30
nterest on Mortgages	30,698.51
ncome Taxes	4,910.00
FOREX	24,504.27
al Other Expenses	1,124,966.92
AL EXPENSE	11,384,192.74
INCOME	56,546.66

ted On: 26/11/2024

TAB HH

va Scotia Spirit Co.
lance Sheet As at 30/06/2023

ET

rrent Assets		
Online Funds to be Deposited	13,854.53	
Office Float	79.25	
Payroll Clearing	1,163.50	
Petty Cash	228.55	
Paypal	94.72	
East Coast Chequing- CAD	-2,162.51	
East Coast Chequing - USD	78.20	
Total Cash		13,336.24
Prepaids		65,256.54
Deferred Financing		4,500.00
Garnishees		-20.67
Rent clearing		-755.74
Accounts Receivable	933,214.42	
nsurance Receivable	109,853.00	
Craft360	200,000.00	
Total Receivable		1,243,067.42
TC Receivable		32,611.44
:al Current Assets		1,357,995.23
entory Assets		
nv Adj Acct		138,481.45
Year End Inventory		1,243,889.08
nventory		3,877,505.78
Raw Material - Full Proof		301,058.26
Blended Material		119,093.22
Finished Product		-3,272,370.73
Merchandise - Clothing		140,479.35
Promotional Goods		40,625.24
:al Inventory Assets		2,588,761.65
pital Assets		
Leasehold Improvements	201,882.33	
Acc. Amort. - Leasehold Improvement	-28,011.44	
Net - Leasehold Improvements		173,870.89
Warehouse Fixtures		7,790.89
Lighting and Fixtures		4,264.93
Fencing		7,900.00
Acc Amort fencing		-1,351.65
Land		192,499.96
Computer Equipment	96,279.35	
Accum. Amort. - Computer Equip.	-58,076.27	
Net - Computer Equipment		38,203.08
Net - Furniture & Equipment		34,677.60
Net - Marketing Equipment		48,441.77
Equipment	3,204,630.01	
Accum. Amort. - Equipment	-2,153,202.62	
Net - Equipment		1,051,427.39
Tools	12,782.04	
Accum. Amort. - Tools	-6,949.81	
Net - Tools		5,832.23
Vehicle	490,134.36	
Accum. Amort. -Vehicle	-335,753.11	
Net - Vehicle		154,381.25
Net - Building		1,148,106.60
Restaurant Equipment		300,584.10
Restaurant		865,068.23
Restaurant Parking Lot		99,149.42
Restaurant Exterior Equipment		104,043.38
Acc amortization parking lot		-9,954.73
Accumulated amortization restaurant		-136,242.82
:al Capital Assets		4,088,692.52

ted On: 26/11/2024

va Scotia Spirit Co.
lance Sheet As at 30/06/2023

AL ASSET		8,035,449.40
ILITY		
rrent Liabilities		
Accounts Payable		2,074,354.29
Accounting Accrual		17,500.00
RBC Visa Payable (Tony)	2,039.45	
RBC Visa Payable (Michaela)	1,983.97	
RBC Visa Payable (Breanna)	2,586.10	
Corporate AMEX Payable	24,498.78	
RBC Visa Payable (KRISTEN)	99,685.97	
Visa Payable (Evan)	7,240.50	
RBC Visa Payable (ALEX)	6,839.23	
RBC Visa Payable (available)	3,658.80	
RBC Visa Payable (Scott)	1,125.20	
RBC Visa Payable (available)	-75.00	
RBC Visa Payable (Nathaniel)	4,049.77	
RBC Visa Payable (Paul)	2,141.98	
Total Credit Card Payables		155,774.75
Corporate Taxes payable		136,166.28
Employee Benefits Payable		77,520.15
GST/HST Charged on Sales	-82.13	
GST/HST Paid on Meals	-396.22	
GST/HST Paid on Purchases	-72,477.63	
Net HST		-72,955.98
Keg Deposits		250.00
Current Portion of LTD		219,568.32
Current Portion - Callable Debt		620,967.85
:al Current Liabilities		3,229,145.66
ıg Term Liabilities		
Mazda Payable (2021)		52,648.69
Equipment Loan 026		505,297.23
Equipment Loan 028		139,440.84
Equipment Loan 029		48,218.24
Equipment LOC G 017		304,487.83
RBC Visa LOC (CEBA)		40,000.00
Mazda Payable (2020)		14,051.75
Operating LOC		1,610,000.00
Equipment LOC 024		121,391.96
Equipment Loan 025		236,328.21
Equipment LOC - 030		275,390.77
TELUS Device Payable		1,025.12
Mortgage - 230 Foord St (#27)		498,123.45
Mortgage - 6264 Trafalgar Rd (#12)		104,869.90
Equipment LOC H 018		326,735.38
Equipment LOC I 019		547,109.66
ACOA #218170		224,998.00
Shareholder - Alex		-105,288.85
Shareholder Loans		-100,000.00
Shareholder - Dan		-1.00
Due to/from Evan MacEachern		-30,547.74
Due to/from Blue Ocean Management		-2,605,233.88
Due to/from 4205013 NS Ltd (ACC)		150,525.99
NS Spirit USA LLC		-34,315.78
Current Portion Callable Debt-Contr		-620,967.85
Current Portion of LTD - Contra		-219,568.32
:al Long Term Liabilities		1,484,719.60
AL LIABILITY		4,713,865.26
ITY		

ted On: 26/11/2024

va Scotia Spirit Co.
lance Sheet As at 30/06/2023

'ners Equity	
Retained Earnings - Previous Year	3,051,234.19
Prior period adjustment	122,899.72
Common Shares	2.00
Current Earnings	147,448.23
:al Owners Equity	3,321,584.14
AL EQUITY	3,321,584.14
ILITIES AND EQUITY	8,035,449.40

ted On: 26/11/2024

va Scotia Spirit Co.
:ome Statement 01/07/2022 to 30/06/2023

ENUE		
es Revenue		
Hand Sanitizer Sales		2,110.72
Non Taxable Revenue		5,612.50
Miscellaneous Markets Sales		4,825.92
Christmas Market Sales		12,109.48
Foord St. Sales		233,351.86
Online Sales		15,224.99
NSLC Sales		5,340,868.85
LCBO Sales		1,288,486.40
Bishops Cellar Sales		176,367.91
Harvest Sales		406,202.52
PEILCC Sales		587,878.82
ANBL Sales		360,528.20
NLC Sales		112,988.02
Staff Sales		30,421.21
Direct Sales		1,762,959.91
Promotional Sales		65,406.15
Miscellaneous Revenue		9,678.92
Canning Revenue		258,027.00
Rent Revenue		216,000.00
Staff Discount		-19,010.97
Promotional Discount		-794.01
t Sales		10,869,244.40
ıer Revenue		
Freight Revenue		3,716.27
nterest Revenue		50,000.00
Grant Revenue		30,749.12
:al Other Revenue		84,465.39
AL REVENUE		10,953,709.79
ENSE		
st of Goods Sold		
COGS - Direct Labour		6,657.20
COGS - Fuel (Deliveries)		6,978.64
Raw Materials		643,438.55
COGS - Fisherman's Helper Whi...		112,321.80
COGS - Blue Lobster Vodka		1,763,835.12
COGS - Willing to Learn Gin		281,345.60
COGS - Ready To Drink		1,166,624.29
COGS - Beer		27,836.03
COGS - Kegged Spirit Products		12,969.77
COGS - Hand Sanitizer		172.40
Raw Materials: Bottles/Boxes/Lids		26,383.45
COGS - Package Product		57,394.70
NSLC Product Bill Back		137,220.62
ANBL Product Bill Back		1,385.53
LCBO Product Bill Back		6,063.25
COGS - Merchandise		29,384.52
CO2		113,270.98
nventory adj		-399,442.03
Excise Tax		452,906.56
Divert NS		-2,589.65
RMSA		59,922.79
Rebates		37,825.37
Research & Development		21,467.09
Professional Development		2,104.85
Subcontracts		90.00
Early Payment Purchase Discou...	-1,261.38	
Net Purchases		-1,261.38
Freight Out Expense (Sales)		125,208.02

ted On: 26/11/2024

va Scotia Spirit Co.
:ome Statement 01/07/2022 to 30/06/2023

Customs Brokerage	34,295.16
Storage	97,392.86
Freight to Storage	20,988.97
Freight In Inventory	327,145.46
Freight In Supplies	3,523.96
:al Cost of Goods Sold	5,172,860.48
yroll Expenses	
Wages & Salary - Plant Manage...	137,631.47
Wages & Salary - PEI	2,316.42
Wages & Salary - Spirits	179,028.50
Wages & Salary - Projects	60,258.30
Wages & Salary - Delivery	87,291.32
Wages & Salary - RTD	397,776.34
Wages & Salary - Non NS	69,106.69
EI Expense	13,910.57
WCB Expense	10,363.12
Car Allowance	-187.63
Professional Fees	2,240.00
:al Payroll Expense	959,735.10
ministration	
Hiring	599.88
Auto	48,361.09
Fuel	83,968.92
Freightliner Mileage Charge	27,856.60
Bad Debt	2,696.72
Cash (Over)/Under	101.39
Courier & Shipping	10,965.12
E-Commerce Shipping & Packag...	48.04
HST Recapture Expense	57.67
Travel	85,332.66
Trade Shows and Expos	4,643.98
Membership Fees and Dues	1,633.71
:al Administration	266,265.78
:al Ontario Expenses	1,383.85
vertising And Promotions	
Agency Fees	221,833.30
LCBO Promo	41,634.50
Media Advertising (photos, video)	7,025.35
Advertising	62,862.13
Promo Materials	2,233.41
PEI Promo	600.00
NSLC Promo	27,273.76
Donations (NonCharitable)	823.27
Donations	3,531.25
Sponsorship	147,624.89
Direct Customer Promo Items	15,418.04
Entertainment - Golf	3,903.86
Non-Tax Deductible Staff Expense	33,326.28
Entertainment - Meals	103,681.49
University Rep Program	4,513.48
Samples (Giveaways)	7,472.79
Marketing - Influencers	552.16
Staff Events and Giveaways	8,011.92
Miscellaneous Events	19,311.24
Misc Marketing Supplies	9,150.43
Tasting Supplies	4,420.73
Merchandise and Swag Giveawa...	1,715.73
Signage	2,689.24
:al Advertising And Promoti...	729,609.25

inbursments

ted On: 26/11/2024

va Scotia Spirit Co.
:ome Statement 01/07/2022 to 30/06/2023

Evan - Expenses	19.98
Staff Reimbursements	-701.23
:al Reinbursments	-681.25
pairs and Maintenance	
General	4,542.18
Shop Supplies	45,116.88
Brew Lab Supplies	408.99
Janitorial	680.18
Landscaping/Patio	7,526.88
Pest Control	2,140.71
Security Expenses	3,934.81
Waste Disposal And Recycling	24,309.56
Restaurant R&M	13,842.65
Repairs and Maintenance	85,746.78
Equip. R&M	76,538.37
Lab Supplies and Testing	1,198.20
:al Repairs And Maintenance	265,986.19
:al E-Commerce	2,419.37
pplies	
Cleaning And Chemicals	29,520.01
Gift certificates	746.56
Holiday Decorations	308.23
Merchandising And Displays	53,051.62
Office	49,010.37
Software and Computer Mainten...	14,168.57
Printing & Stationery	9,239.90
Restaurant Equipment Rental	854.04
Uniform & Personal Protective E...	412.66
:al Supplies	157,311.96
lities	
nternet	3,348.20
Cellular	389.93
Power	87,486.93
Gas	76,508.58
Telephone	18,915.93
Water	12,458.37
:al Utilities	199,107.94
:al PEI Expenses	474.74
nagement	
Management allocation	1,500,000.00
:al Management	1,500,000.00
n Controllable Expenses	
Accounting Fees (External)	17,214.00
Bank Charges And Interest	10,086.99
Square Fees	47,638.27
Equipment Rental	2,033.30
nsurance	56,500.56
Legal Fees	11,332.37
License Fees & Dues	7,171.44
Property Taxes	30,797.89
Rent Fixed	63,600.00
Rent CAM	347.15
Fire Protection & Maintenance	304.50
CRA Penalties and Interest	16,741.82
:al Non Controllable Expens...	263,768.29
:count/Promo/QSA	
ted On: 26/11/2024	

va Scotia Spirit Co.
:ome Statement 01/07/2022 to 30/06/2023

Coupons	518.79
Promotion - Liquor	24,137.66
QSA	1,277.20
:al Discount/Promo/QSA	25,933.65
ıer Expenses	
nterest on Vehicle Loans	10,248.11
Amortization and Depreciation	716,542.97
nterest on Equipment LOC	131,696.86
nterest on Operating LOC	119,906.26
nterest on Mortgages	47,944.82
ncome Taxes	173,324.00
FOREX	62,423.19
:al Other Expenses	1,262,086.21
AL EXPENSE	10,806,261.56
INCOME	147,448.23

ted On: 26/11/2024

3343533 Nova Scotia Limited
Balance Sheet
As of June 30, 2023

	Jun 30, 23	
ASSETS		
Current Assets		
Chequing/Savings		
Cash		
Cash float	300.00	
Current Account 100-296-3	2,059.36	
Petty Cash	90.70	
Undeposited funds	255.10	
Total Cash		2,705.16
Total Chequing/Savings		2,705.16
Accounts Receivable		
Accounts receivable		1,582.00
Total Accounts Receivable		1,582.00
Other Current Assets		
Design costs		30,640.00
Due to/from related companies		
Blue Ocean Management Limited	-1,207,675.16	
Total Due to/from related companies		-1,207,675.16
Inventory Asset		
Aging wines		
Bulk wines	73,701.62	
Total Aging wines	73,701.62	
Current year production costs	144,721.95	
Finished goods	137,926.10	
Inventory Asset - Other	529,074.59	
Total Inventory Asset		885,424.26
Share subscriptions		210.00
Total Other Current Assets		-291,400.90
Total Current Assets		-287,113.74
Fixed Assets		
Accumulated Depreciation		
Acc Amor Buildings	-64,091.80	
Acc Amor Event equipment	-3,281.96	
Acc Amor Vehicles	-18,333.69	
Acc Amor Winery equipment	-258,957.90	
Accumulated amortization Comput	-145.91	
Accunulated amortization well	-1,329.45	
Total Accumulated Depreciation		-346,140.71
Buildings and Improvements		
Allocation of no interest loan	-55,040.47	
Buildings and Improvements - Other	706,450.00	
Total Buildings and Improvements		651,409.53
Furniture and Equipment		
Computer Equipment	972.74	
Event equipment	8,530.28	
Vineyard equipment	14,218.71	
Winery equipment	650,672.72	
Total Furniture and Equipment		674,394.45

3343533 Nova Scotia Limited
Balance Sheet
As of June 30, 2023

		Jun 30, 23
Land		259,939.25
Vehicles		31,420.20
Vineyards		158,767.40
Well		37,390.29
Total Fixed Assets		1,467,180.41
Other Assets		
Investment tax credits		3,798.00
Total Other Assets		3,798.00
TOTAL ASSETS		**1,183,864.67**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable		44,898.82
Total Accounts Payable		44,898.82
Credit Cards		
RBC Kristen		12,600.82
RBC Visa Alex		1,610.58
Total Credit Cards		14,211.40
Other Current Liabilities		
Accrued accounting fees		1,200.00
Customer Deposits		
Gift cards	200.00	
Total Customer Deposits		200.00
Due Alex Rice		2,000.00
GST/HST Payable		
HST Adjustments	-16,081.63	
Total GST/HST Payable		-16,081.63
Income taxes payable		-2,194.00
Operating line		165,000.00
Payroll Liabilities		5,464.16
Total Other Current Liabilities		155,588.53
Total Current Liabilities		214,698.75
Long Term Liabilities		
Long term debt		
Equipment Line #2 (Loan #004)	15,053.57	
Equipment line draw #1	50,216.34	
Payable Suzanne Corkum		
Unamortized interest	-21,521.84	
Payable Suzanne Corkum - Other	244,444.60	
Total Payable Suzanne Corkum	222,922.76	
RBC Mortgage Payable (#005)	980,981.00	
Total Long term debt		1,269,173.67
Total Long Term Liabilities		1,269,173.67
Total Liabilities		1,483,872.42

3343533 Nova Scotia Limited
Balance Sheet
As of June 30, 2023

	Jun 30, 23
Equity	
Capital Stock	210.00
Retained Earnings	-122,758.75
Net Income	-177,459.00
Total Equity	-300,007.75
TOTAL LIABILITIES & EQUITY	**1,183,864.67**

3343533 Nova Scotia Limited
Profit & Loss
July 2022 through June 2023

		Jul '22 - Jun 23
Ordinary Income/Expense		
Income		
Discounts		-2,526.23
Grant Revenue		2,500.00
Miscellaneous Sales		1,000.00
Sales		327,289.53
Sales Income		569.62
Shipping and Delivery Income		170.30
Staff Discounts		-250.54
Total Income		328,752.68
Cost of Goods Sold		
***Cost of Goods Sold**		
Breakage	182.02	
Discounts Recieved	-796.57	
Excise	1,697.51	
Testing	171.26	
***Cost of Goods Sold - Other**	126,186.88	
Total *Cost of Goods Sold		127,441.10
Amortization		100,767.38
Cost of Goods Sold		30,533.27
Direct labor		168,491.64
Ending inventory		-885,430.34
Equipment rental		5,245.27
Filtering losses		0.00
Freight and Shipping Costs		8,851.18
Merchant Processing Fees		3,389.74
NSLC Product Bill Back		1,259.01
Opening inventory		652,094.94
RSMA		3,265.08
Testing		56.12
Worker's Comp Premiums - Labour		819.91
Total COGS		216,784.30
Gross Profit		111,968.38
Expense		
Alcohol licenses		560.70
Automobile Expense		232.48
Automotive Fuel		2,571.43
Bank Service Charges		699.36
Breakage		9.20
Cash (Over)/Short		105.97
Chemicals and Cleaning		14,713.86
Credit card charges		41.72
Depreciation Expense		31,497.77
Divert Expense		-1,339.97
Donations		750.00
Dues and Subscriptions		7,417.09
Insurance Expense		15,996.06
Interest Expense		55,834.58
Interest on operating line		11,785.57
Marketing and Promotions		8,153.24
Meals and Entertainment		92.39
Office Supplies		2,526.46
Postage and Delivery		463.20
Professional Development		9,801.47
Professional Fees		19,485.75
Repairs and Maintenance		5,616.68
Staff Giveawys		535.63
Taxes - Property		7,203.57
Travel Expense		1,932.78

3343533 Nova Scotia Limited
Profit & Loss
July 2022 through June 2023

	Jul '22 - Jun 23
Utilities	
Telephone Expense	2,072.07
Utilities - Other	10,265.97
Total Utilities	12,338.04
Wages & Salary	20,402.35
Total Expense	229,427.38
Net Ordinary Income	-117,459.00
Other Income/Expense	
Other Expense	
Management Allocation	60,000.00
Total Other Expense	60,000.00
Net Other Income	-60,000.00
Net Income	**-177,459.00**

4318682 Nova Scotia Limited
Balance Sheet
As of June 30, 2023

		Jun 30, 23
ASSETS		
Current Assets		
Chequing/Savings		
Cash		
Cash register float	600.00	
Cash to be deposited	1,194.70	
Petty cash (Petty cash)	387.22	
RBC Chequing #3986	4,217.18	
Shopify Clearing	8,100.47	
Total Cash		14,499.57
Total Chequing/Savings		14,499.57
Accounts Receivable		
Receivables		
Accounts Receivable (A/R)	98,583.83	
Total Receivables		98,583.83
Total Accounts Receivable		98,583.83
Other Current Assets		
Employee Advances (Small, short-term payroll advances to employees)		
Share subscriptions	210.00	
Total Employee Advances (Small, short-term payroll advances to employees)		210.00
Inventory		
Merchandise		
Other	34,206.90	
Total Merchandise		34,206.90
Raw Materials		
Ingredients	112,862.79	
Packaging	120,983.40	
Total Raw Materials		233,846.19
Work in Process		199,331.33
Total Inventory		467,384.42
Total Other Current Assets		467,594.42
Total Current Assets		580,677.82
Fixed Assets		
Accumulated Depreciation (Accumulated depreciation on equipment, buildings and improveme...		
Building	-39,968.00	
Computer equipment	-626.70	
Furniture and fixtures	-555.99	
Leasehold improvements	-9,895.83	
Production equipment	-151,577.83	
Retail equipment	-5,560.00	
Vehicles	-10,967.26	
Total Accumulated Depreciation (Accumulated depreciation on equipment, buildings and impr...		-219,151.61

4318682 Nova Scotia Limited
Balance Sheet
As of June 30, 2023

	Jun 30, 23	
Capital Assets		
Buildings and Improvements (Buildings, permanently attached fixtures, and improvements ...	500,000.00	
Computer equipment@!CW0!@	1,200.00	
Furniture and Equipment (Furniture, fixtures, and equipment with useful life beyond one year)	16,500.00	
Land (Land owned by the company)	50,000.00	
Leasehold Improvements (Improvements to leased building space)	475,000.00	
Production equipment@!CW1!@	423,800.73	
Vehicles@!CW2!@ (Business automobiles and trucks)	21,000.00	
Total Capital Assets		1,487,500.73
Total Fixed Assets		1,268,349.12
Other Assets		
Goodwill		630,365.82
Investment tax credit (Federal investment tax credits)		17,075.00
Total Other Assets		647,440.82
TOTAL ASSETS		**2,496,467.76**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable - USD (Unpaid or unapplied vendor bills or credits)		202.23
Payables and accruals		
Accounts Payable (A/P)	238,601.03	
Accruals	2,800.00	
Total Payables and accruals		241,401.03
Total Accounts Payable		241,603.26
Credit Cards		
Credit Cards		
RBC Visa - Jill	15,683.20	
RBC Visa - Kristen	10,308.23	
Total Credit Cards		25,991.43
Total Credit Cards		25,991.43
Other Current Liabilities		
Accrued wages		14,265.86
Cur Ptn Lease		49,021.20
Cur Ptn LTD		332,028.10
Curr Ptn Callable		50,731.60
Due to/from related parties		
3284906 Nova Scotia Limited	-150,525.99	
Blue Lobster Capital Limited	-10,000.00	
Blue Ocean Management Group	939,743.22	
Total Due to/from related parties		779,217.23
Gift Cards Payable		14,696.57
GST/QST Payable (Tax amounts collected on sales and paid on purchases, with the balan...		40,582.96
Income taxes payable		-1,177.00
Operating Line of Credit		190,000.00
Payroll Liabilities (Unpaid payroll liabilities. Amounts withheld or accrued, but not yet paid)		7,264.21
Total Other Current Liabilities		1,476,630.73
Total Current Liabilities		1,744,225.42

4318682 Nova Scotia Limited
Balance Sheet
As of June 30, 2023

	Jun 30, 23	
Long Term Liabilities		
Leases		
Cur Ptn Contra Lease	-49,021.20	
RBC Lease #32222	5,081.27	
RBC Lease #41355	83,153.60	
RBC Lease #58050	10,453.15	
Total Leases		49,666.82
LTD		
CEBA	40,000.00	
Cur Ptn Contra	-332,028.10	
Cur Ptn Contra Callable	-50,731.60	
Loan #24524274-011	14,670.00	
Loan #24524274-017	57,926.68	
Loan #24524274-019 (Previously Loan #007)	29,305.36	
Loan #54867560-002	900,359.79	
Total LTD		659,502.13
Total Long Term Liabilities		709,168.95
Total Liabilities		2,453,394.37
Equity		
Capital Stock (Value of corporate stock)		
Capital Stock@!CW3!@	210.00	
Total Capital Stock (Value of corporate stock)		210.00
Retained Earnings (Undistributed earnings of the business)		59,715.47
Net Income		-16,852.08
Total Equity		43,073.39
TOTAL LIABILITIES & EQUITY		**2,496,467.76**

4318682 Nova Scotia Limited
Balance Sheet
As of June 30, 2023

ASSETS
- Current Assets
  - Chequing/Savings
    - Cash
      - Cash register float
      - Cash to be deposited
      - Petty cash (Petty cash)
      - RBC Chequing #3986
      - Shopify Clearing
    - Total Cash
  - Total Chequing/Savings
  - Accounts Receivable
    - Receivables
      - Accounts Receivable (A/R)
    - Total Receivables
  - Total Accounts Receivable
  - Other Current Assets
    - Employee Advances (Small, short-term payroll advances to employees)
      - Share subscriptions
    - Total Employee Advances (Small, short-term payroll advances to employees)
    - Inventory
      - Merchandise
        - Other
      - Total Merchandise
      - Raw Materials
        - Ingredients
        - Packaging
      - Total Raw Materials
      - Work in Process
    - Total Inventory
  - Total Other Current Assets
- Total Current Assets
- Fixed Assets
  - Accumulated Depreciation (Accumulated depreciation on equipment, buildings and improveme...
    - Building
    - Computer equipment
    - Furniture and fixtures
    - Leasehold improvements
    - Production equipment
    - Retail equipment
    - Vehicles
  - Total Accumulated Depreciation (Accumulated depreciation on equipment, buildings and impr...

4318682 Nova Scotia Limited
Balance Sheet
As of June 30, 2023

- Capital Assets
  - Buildings and Improvements (Buildings, permanently attached fixtures, and improvements ...
  - Computer equipment@!CW0!@
  - Furniture and Equipment (Furniture, fixtures, and equipment with useful life beyond one year)
  - Land (Land owned by the company)
  - Leasehold Improvements (Improvements to leased building space)
  - Production equipment@!CW1!@
  - Vehicles@!CW2!@ (Business automobiles and trucks)
- Total Capital Assets
- Total Fixed Assets
- Other Assets
  - Goodwill
  - Investment tax credit (Federal investment tax credits)
- Total Other Assets

TOTAL ASSETS

LIABILITIES & EQUITY

- Liabilities
  - Current Liabilities
    - Accounts Payable
      - Accounts Payable - USD (Unpaid or unapplied vendor bills or credits)
      - Payables and accruals
        - Accounts Payable (A/P)
        - Accruals
      - Total Payables and accruals
    - Total Accounts Payable
    - Credit Cards
      - Credit Cards
        - RBC Visa - Jill
        - RBC Visa - Kristen
      - Total Credit Cards
    - Total Credit Cards
    - Other Current Liabilities
      - Accrued wages
      - Cur Ptn Lease
      - Cur Ptn LTD
      - Curr Ptn Callable
      - Due to/from related parties
        - 3284906 Nova Scotia Limited
        - Blue Lobster Capital Limited
        - Blue Ocean Management Group
      - Total Due to/from related parties
      - Gift Cards Payable
      - GST/QST Payable (Tax amounts collected on sales and paid on purchases, with the balan...
      - Income taxes payable
      - Operating Line of Credit
      - Payroll Liabilities (Unpaid payroll liabilities. Amounts withheld or accrued, but not yet paid)
    - Total Other Current Liabilities
  - Total Current Liabilities

4318682 Nova Scotia Limited
Balance Sheet
As of June 30, 2023

- Long Term Liabilities
  - Leases
    - Cur Ptn Contra Lease
    - RBC Lease #32222
    - RBC Lease #41355
    - RBC Lease #58050
  - Total Leases
  - LTD
    - CEBA
    - Cur Ptn Contra
    - Cur Ptn Contra Callable
    - Loan #24524274-011
    - Loan #24524274-017
    - Loan #24524274-019 (Previously Loan #007)
    - Loan #54867560-002
  - Total LTD
- Total Long Term Liabilities
- Total Liabilities
- Equity
  - Capital Stock (Value of corporate stock)
    - Capital Stock@!CW3!@
  - Total Capital Stock (Value of corporate stock)
  - Retained Earnings (Undistributed earnings of the business)
  - Net Income
- Total Equity

TOTAL LIABILITIES & EQUITY

4318682 Nova Scotia Limited
Profit & Loss
July 2022 through June 2023

	Jul '22 - Jun 23
Ordinary Income/Expense	
Income	
Refillable Bottle Discount	-10,747.22
Sales (Sales)	
Bottle Refills	144,280.60
Canned Cider@!CW4!@	758,392.24
Cider Club	76,549.57
Grant Revenue	3,698.24
Kegged Cider@!CW5!@	217,160.70
Merchandise@!CW6!@	
Clothes@!CW7!@	43,610.00
Glassware@!CW8!@	9,217.00
Other@!CW9!@	6,246.00
Total Merchandise@!CW6!@	59,073.00
One-Way Bottles@!CW10!@	465,784.00
Refillable bottles	26,829.10
Tastings	75,349.27
Tours & Tastings	-2,678.58
Total Sales (Sales)	1,824,438.14
Sales Discounts (Discounts given to customers)	-37,633.94
Shipping and Delivery Income (Shipping charges charged to customers)	25,754.04
Staff Discounts	-870.33
Total Income	1,800,940.69
Cost of Goods Sold	
Cost of Goods Sold (Costs of items purchased and then sold to customers)	
Bottle refils	174.00
C02	6,600.00
Finished Goods@!CW11!@	
Canned Cider@!CW12!@	553,529.23
Kegged Cider@!CW13!@	21,068.43
One-Way Bottles@!CW14!@	119,763.19
Total Finished Goods@!CW11!@	694,360.85
Freight In (Purchases) (Freight-in and shipping costs for delivery to customers)	36,596.60
Labor	
Cellar	122,667.75
Employer Taxes	9,580.85
Total Labor	132,248.60
Merchandise@!CW16!@	
Clothes@!CW17!@	20,574.86
Glassware@!CW18!@	3,994.80
Other@!CW19!@	2,885.00
Total Merchandise@!CW16!@	27,454.66
Miscellaneous@!CW20!@	0.00
NSLC RSMA Fees	22,472.68
Refillable bottles@!CW21!@	23,954.60
Tasting Supplies	7,964.81
Tastings@!CW22!@	34,975.62
Cost of Goods Sold (Costs of items purchased and then sold to customers) - Other	-0.01
Total Cost of Goods Sold (Costs of items purchased and then sold to customers)	986,802.41
E-Commerce Store Expenses	532.47
Total COGS	987,334.88
Gross Profit	813,605.81

4318682 Nova Scotia Limited
Profit & Loss
July 2022 through June 2023

	Jul '22 - Jun 23
Expense	
Automobile Expense (Fuel, oil, repairs, and other automobile maintenance for business a...	733.79
Bad Debts	357.99
Cash Over/Short	1,328.31
Computer Software & Maintenance (Computer supplies and repairs, online fees, and othe...	580.86
Courier & Postage	39,321.46
Depreciation Expense (Depreciation on equipment, buildings and improvements)	96,720.72
Divert Expense (Difference between what we charge for bottle/can deposits vs what we o...	-1,211.53
Donations	6,056.50
Dues and Subscriptions (Subscriptions and membership dues for civic, service, professi...	4,456.68
Freight Out (Sales)	17,631.53
Hiring	120.65
Insurance	
Commercial Insurance	15,272.00
Motor Vehicle	9,409.66
Total Insurance	24,681.66
Insurance Expense (Insurance expenses)	2,799.00
Interest - Long Term (Interest payments on business loans, credit card balances, or other...	41,281.05
Interest & Bank Charges (Bank account service fees, bad check charges and other bank f...	11,107.12
Interest CRA	1,983.17
Legal and professional fees (Payments to attorneys and other professionals for services ...	16,108.55
Management Allocation	180,000.00
Marketing & Promotions	26,874.79
Meals and Entertainment (Business meals and entertainment expenses, including travel-r...	3,486.66
Merchant Processing Fees	26,026.84
Motor Vehicle - Fuel	2,948.07
NSLC Product Bill Back	1,992.58
Office Supplies (Office supplies expense)	6,890.25
Payroll Expenses	
Admin Wages	17,861.16
Retail/Tasting Wages	147,852.37
Total Payroll Expenses	165,713.53
Payroll Processing Fees (Payroll expenses)	66.00
Property Taxes	16,565.68
Rent Expense (Office rent expense)	51,337.68
Repairs & Maintenance (Incidental repairs and maintenance of business assets that do n...	26,372.66
Research & Development	525.50
Retail Supplies & Equipment	11,143.21
Seasonal Decorations	460.00
Security Expenses	3,989.67
Staff Events and Giveaways	2,426.31
Storage	376.00
Travel Expenses (Business-related travel expenses including airline tickets, taxi fares, ho...	7,273.99
Utilities (Water, electricity, garbage, and other basic utilities expenses)	
Power	16,139.96
Propane	900.81
Telephone & Internet (Telephone and long distance charges, faxing, and other fees No...	3,321.47
Water & Sewage	2,469.65
Total Utilities (Water, electricity, garbage, and other basic utilities expenses)	22,831.89
Waste & Recycling	2,560.00
WCB Expense	3,831.03
Total Expense	827,749.85
Net Ordinary Income	-14,144.04

4318682 Nova Scotia Limited
Profit & Loss
July 2022 through June 2023

	Jul '22 - Jun 23
Other Income/Expense	
Other Expense	
Exchange Gain or Loss (Gains/losses resulted from currency exchange rate differences)	5,199.33
income tax expense	-6,444.00
Professional Development	3,952.71
Total Other Expense	2,708.04
Net Other Income	-2,708.04
Net Income	**-16,852.08**

4318682 Nova Scotia Limited
Profit & Loss
July 2022 through June 2023

- Ordinary Income/Expense
  - Income
    - Refillable Bottle Discount
    - Sales (Sales)
      - Bottle Refills
      - Canned Cider@!CW4!@
      - Cider Club
      - Grant Revenue
      - Kegged Cider@!CW5!@
      - Merchandise@!CW6!@
        - Clothes@!CW7!@
        - Glassware@!CW8!@
        - Other@!CW9!@
      - Total Merchandise@!CW6!@
      - One-Way Bottles@!CW10!@
      - Refillable bottles
      - Tastings
      - Tours & Tastings
    - Total Sales (Sales)
    - Sales Discounts (Discounts given to customers)
    - Shipping and Delivery Income (Shipping charges charged to customers)
    - Staff Discounts
  - Total Income
  - Cost of Goods Sold
    - Cost of Goods Sold (Costs of items purchased and then sold to customers)
      - Bottle refils
      - C02
      - Finished Goods@!CW11!@
        - Canned Cider@!CW12!@
        - Kegged Cider@!CW13!@
        - One-Way Bottles@!CW14!@
      - Total Finished Goods@!CW11!@
      - Freight In (Purchases) (Freight-in and shipping costs for delivery to customers)
      - Labor
        - Cellar
        - Employer Taxes
      - Total Labor
      - Merchandise@!CW16!@
        - Clothes@!CW17!@
        - Glassware@!CW18!@
        - Other@!CW19!@
      - Total Merchandise@!CW16!@
      - Miscellaneous@!CW20!@
      - NSLC RSMA Fees
      - Refillable bottles@!CW21!@
      - Tasting Supplies
      - Tastings@!CW22!@
      - Cost of Goods Sold (Costs of items purchased and then sold to customers) - Other
    - Total Cost of Goods Sold (Costs of items purchased and then sold to customers)
    - E-Commerce Store Expenses
  - Total COGS
- Gross Profit

4318682 Nova Scotia Limited
Profit & Loss
July 2022 through June 2023

- Expense
  - Automobile Expense (Fuel, oil, repairs, and other automobile maintenance for business a...
  - Bad Debts
  - Cash Over/Short
  - Computer Software & Maintenance (Computer supplies and repairs, online fees, and othe...
  - Courier & Postage
  - Depreciation Expense (Depreciation on equipment, buildings and improvements)
  - Divert Expense (Difference between what we charge for bottle/can deposits vs what we o...
  - Donations
  - Dues and Subscriptions (Subscriptions and membership dues for civic, service, professi...
  - Freight Out (Sales)
  - Hiring
  - Insurance
    - Commercial Insurance
    - Motor Vehicle
  - Total Insurance
  - Insurance Expense (Insurance expenses)
  - Interest - Long Term (Interest payments on business loans, credit card balances, or other...
  - Interest & Bank Charges (Bank account service fees, bad check charges and other bank f...
  - Interest CRA
  - Legal and professional fees (Payments to attorneys and other professionals for services ...
  - Management Allocation
  - Marketing & Promotions
  - Meals and Entertainment (Business meals and entertainment expenses, including travel-r...
  - Merchant Processing Fees
  - Motor Vehicle - Fuel
  - NSLC Product Bill Back
  - Office Supplies (Office supplies expense)
  - Payroll Expenses
    - Admin Wages
    - Retail/Tasting Wages
  - Total Payroll Expenses
  - Payroll Processing Fees (Payroll expenses)
  - Property Taxes
  - Rent Expense (Office rent expense)
  - Repairs & Maintenance (Incidental repairs and maintenance of business assets that do n...
  - Research & Development
  - Retail Supplies & Equipment
  - Seasonal Decorations
  - Security Expenses
  - Staff Events and Giveaways
  - Storage
  - Travel Expenses (Business-related travel expenses including airline tickets, taxi fares, ho...
  - Utilities (Water, electricity, garbage, and other basic utilities expenses)
    - Power
    - Propane
    - Telephone & Internet (Telephone and long distance charges, faxing, and other fees No...
    - Water & Sewage
  - Total Utilities (Water, electricity, garbage, and other basic utilities expenses)
  - Waste & Recycling
  - WCB Expense
- Total Expense

Net Ordinary Income

4318682 Nova Scotia Limited
Profit & Loss
July 2022 through June 2023

Other Income/Expense
Other Expense
Exchange Gain or Loss (Gains/losses resulted from currency exchange rate differences)
income tax expense
Professional Development

Total Other Expense

Net Other Income

Net Income

TAB II

Royal Bank of Canada
Commercial Financial Services
91 Provost Street
New Glasgow, Nova Scotia B2H 2P5

Private and Confidential

August 10, 2021

3343533 Nova Scotia Limited
63 Provost Street
New Glasgow, Nova Scotia
B2H 2P5

ROYAL BANK OF CANADA (the "Bank") hereby confirms the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). This Agreement amends and restates without novation the existing agreement dated January 18, 2021 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

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

BORROWER

3343533 Nova Scotia Limited (the "Borrower")

CREDIT FACILITIES

The aggregate of Facility #3 and Facility #4 shall not exceed $1,000,000.00 at any time.

Facility #1: $200,000.00 revolving demand facility by way of:

a) RBP based loans ("RBP Loans")

Revolve in increments of:	$5,000.00	Minimum retained balance:	$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP + 1.00%

Availability

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

® Registered Trademark of Royal Bank of Canada

Repayment

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

General Account

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

a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, under this facility;

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

Facility #2: $1,036,300.34 non-revolving term facility by way of:

a) Fixed Rate Term Loans ("FRT Loans") Interest rate (per annum): 2.13%

Repayment

Payment Amount:	$4,519.00	Payment Frequency:	Monthly
Payment Type:	Blended	Payment date:	18th of each month
Repayable in full on:	February 23, 2022	Current remaining amortization (months)	295
Amount eligible for prepayment of FRT Loan: 0%			

Facility #3: $1,000,000.00 revolving term facility available by way of a series of term loans, by way of:

a) RBP Loans Interest rate (per annum) RBP + 1.00%

b) FRT Loans Fixed interest rate to be determined at time of Borrowing based on a term of 1 to 5 years

Availability

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

The aggregate Borrowings outstanding under this facility plus the aggregate amount owing under Leases advanced under Facility #4 must not exceed $,000,000.00 at any time.

Repayment

Each Borrowing under this facility shall be repayable by consecutive monthly principal payments or blended payments of principal and interest in the case of RBP Loans or blended payments of principal and interest in the case of FRT Loans based on a maximum amortization of 60 months and in the case of Borrowings advanced for the purpose of financing the acquisition of stills, fermenters and storage tanks, a maximum amortization of 84 months. For Borrowings by way of RBP Loans, a maximum term of 1 year and for Borrowings by way of FRT Loans, a maximum term of 5 years. The specific repayment terms for each new Borrowing will be agreed to between the Borrower and the Bank at the time of the Borrowing by way of a Borrowing Request substantially in the form of Schedule "E" provided to the Bank.

The Borrower, prior to any Borrowing by way of FRT Loans, will select the amount eligible for prepayment of each FRT Loan.

Existing Borrowings under Facility #3 as set forth in the credit agreement dated January 18, 2021 between the Borrower and the Bank are deemed to be Borrowings under this facility and all existing borrowing options, interest rates, repayment terms, maturity dates and amortization periods applicable to such Borrowings as at the date of this Agreement will continue to apply to such Borrowings.

Facility #4: $1,000,000.00 revolving lease line of credit by way of Leases. Leases will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and a separate agreement, the terms of the separate agreement will govern.

Availability

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time. The determination by the Bank as to whether it will enter into any Lease will be entirely at its sole discretion.

The aggregate amount owing under Leases advanced under this facility plus the aggregate Borrowings outstanding under Facility #3 must not exceed $1,000,000.00 at any time.

OTHER FACILITIES

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

a) Credit Card to a maximum amount of $50,000.00;

FEES:

Renewal Fee:

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

SECURITY

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

a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;

b) Guarantee and postponement of claim on the Bank's form 812 in the amount of $2,300,000.00 signed by 4318682 Nova Scotia Limited, supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 43186382 Nova Scotia Limited;

c) Guarantee and postponement of claim on the Bank's form 812 in the amount of $2,300,000.00 signed by 3284906 Nova Scotia Limited, supported by:

   i) a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 3284906 Nova Scotia Limited

   ii) a collateral mortgage in the amount of $812,500.00 constituting a first fixed charge on the lands and improvements located at 230 Foord Street, Stellarton, Nova Scotia;

d) Collateral mortgage in the amount of $1,050,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 11 Dudley Park Lane, Falmouth, Nova Scotia;

FINANCIAL COVENANTS

In the event that the Borrower, 3284906 Nova Scotia Limited or 4318682 Nova Scotia Limited changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

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

a) maintain on a combined basis for the Borrower, 3284906 Nova Scotia Limited, and 4318682 Nova Scotia Limited, to be measured as at the end of each fiscal year:

   i. Debt Service Coverage of not less than 1.25:1;

   ii. a ratio of Funded Debt to EBITDA of not greater than 4.00:1.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

a) annual Compliance Certificate, substantially in the form of Schedule "G" signed by an authorized signing officer of the Borrower, within 90 days of each fiscal year end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;

b) annual review engagement financial statements for the Borrower, within 90 days of each fiscal year end;

c) annual notice to reader combined financial statements for the Borrower, 3284906 Nova Scotia Limited, and 4318682 Nova Scotia Limited, within 90 days of each fiscal year end;

d) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

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

a) a duly executed copy of this Agreement;

b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;

c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require;

d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

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

f) no Borrowing under Facility #3 will be made available unless the Bank has received a Borrowing Request from the Borrower substantially in the form of Schedule "E";

g) no Lease will be made available to the Borrower unless it meets the leasing criteria established by the Bank and the Bank has received such documentation in respect thereof as may be required by the Bank.

BUSINESS LOAN INSURANCE PLAN

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

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

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

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

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

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

GOVERNING LAW JURISDICTION

Province of Nova Scotia.

ACCEPTANCE

This Agreement is open for acceptance until September 10, 2021, after which date it will be null and void, unless extended by the Bank in its sole discretion.

ROYAL BANK OF CANADA

Per: _____
Title: Vice President

RBC Contact: Leslie Otter

/kb

We acknowledge and accept the terms and conditions of this Agreement on this 8th day of Sept, 2021.

3343533 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 8th day of Sept, 2021.

3284906 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Guarantor.

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 8 day of Sept, 2021.

4318882 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Guarantor.

\attachments:
Terms and Conditions
Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Additional Borrowing Conditions
- Borrowing Request
- Compliance Certificate
- RBC Covarity Dashboard Terms and Conditions

Schedule "E"

BORROWING REQUEST

The Borrower hereby requests the following be established under Facility # 3 :

Date of Borrowing	August 16, 2021		
Amount of Borrowing:	$ 22,635.75		
Amortization (in months):	60 months		
Selected Term: (Borrowing repayable in full on the last day of the Term)	3 year fixed (36 month)		
Payment Amount:	$ 405.00		
Payment Frequency:	weekly ☐	bi-weekly ☐	
	semi-monthly ☐	monthly ☑	
	quarterly ☐	semi-annual ☐	annual ☐
Selected Interest Rate (per annum):	2.77 % ☑	RBP + % ☐	
Selected Payment Type:	Blended Principal and Interest ☒ If variable interest rate selected with blended payments, the payment amount is subject to annual adjustment to ensure amortization	Principal Plus Interest ☐	
First Payment Due Date:	30 days after advance		
Amount Eligible for Prepayment of FRT Loan:	0% ☒	10% ☐	

Dated this 16 day of August, 2021

3343533 NOVA SCOTIA LIMITED

Per: K Alexander
Name:
Title:
Per: _____
Name:
Title:
I/We have the authority to bind the Borrower

SRF# 562842065

TAB JJ

Royal Bank of Canada
Commercial Financial Services
91 Provost Street
New Glasgow, Nova Scotia B2H 2P5

Private and Confidential

August 10, 2021

3343533 Nova Scotia Limited
63 Provost Street
New Glasgow, Nova Scotia
B2H 2P5

ROYAL BANK OF CANADA (the "Bank") hereby confirms the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). This Agreement amends and restates without novation the existing agreement dated January 18, 2021 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

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

BORROWER

3343533 Nova Scotia Limited (the "Borrower")

CREDIT FACILITIES

The aggregate of Facility #3 and Facility #4 shall not exceed $1,000,000.00 at any time.

Facility #1: **$200,000.00 revolving demand facility by way of:**

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

Revolve in increments of:	$5,000.00	Minimum retained balance:	$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP + 1.00%

Availability

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

® Registered Trademark of Royal Bank of Canada

Repayment

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

General Account

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

a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, under this facility;

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

Facility #2: $1,036,300.34 non-revolving term facility by way of:

a) Fixed Rate Term Loans ("FRT Loans") Interest rate (per annum): 2.13%

Repayment

Payment Amount:	$4,519.00	Payment Frequency:	Monthly
Payment Type:	Blended	Payment date:	16th of each month
Repayable in full on:	February 23, 2022	Current remaining amortization (months)	295
Amount eligible for prepayment of FRT Loan: 0%			

Facility #3: $1,000,000.00 revolving term facility available by way of a series of term loans, by way of:

a) RBP Loans Interest rate (per annum) RBP + 1.00%

b) FRT Loans Fixed interest rate to be determined at time of Borrowing based on a term of 1 to 5 years

Availability

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

The aggregate Borrowings outstanding under this facility plus the aggregate amount owing under Leases advanced under Facility #4 must not exceed $,000,000.00 at any time.

Repayment

Each Borrowing under this facility shall be repayable by consecutive monthly principal payments or blended payments of principal and interest in the case of RBP Loans or blended payments of principal and interest in the case of FRT Loans based on a maximum amortization of 60 months and in the case of Borrowings advanced for the purpose of financing the acquisition of stills, fermenters and storage tanks, a maximum amortization of 84 months. For Borrowings by way of RBP Loans, a maximum term of 1 year and for Borrowings by way of FRT Loans, a maximum term of 5 years. The specific repayment terms for each new Borrowing will be agreed to between the Borrower and the Bank at the time of the Borrowing by way of a Borrowing Request substantially in the form of Schedule "E" provided to the Bank.

The Borrower, prior to any Borrowing by way of FRT Loans, will select the amount eligible for prepayment of each FRT Loan.

Existing Borrowings under Facility #3 as set forth in the credit agreement dated January 18, 2021 between the Borrower and the Bank are deemed to be Borrowings under this facility and all existing borrowing options, interest rates, repayment terms, maturity dates and amortization periods applicable to such Borrowings as at the date of this Agreement will continue to apply to such Borrowings.

Facility #4: $1,000,000.00 revolving lease line of credit by way of Leases. Leases will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and a separate agreement, the terms of the separate agreement will govern.

Availability

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time. The determination by the Bank as to whether it will enter into any Lease will be entirely at its sole discretion.

The aggregate amount owing under **Leases** advanced under this facility plus the aggregate Borrowings outstanding under Facility #3 must not exceed $1,000,000.00 at any time.

OTHER FACILITIES

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

a) Credit Card to a maximum amount of $50,000.00;

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

SECURITY

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

a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;

b) Guarantee and postponement of claim on the Bank's form 812 in the amount of $2,300,000.00 signed by 4318682 Nova Scotia Limited, supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 43186382 Nova Scotia Limited;

c) Guarantee and postponement of claim on the Bank's form 812 in the amount of $2,300,000.00 signed by 3284906 Nova Scotia Limited, supported by:

   i) a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 3284906 Nova Scotia Limited

   ii) a collateral mortgage in the amount of $812,500.00 constituting a first fixed charge on the lands and improvements located at 230 Foord Street, Stellarton, Nova Scotia;

d) Collateral mortgage in the amount of $1,050,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 11 Dudley Park Lane, Falmouth, Nova Scotia;

FINANCIAL COVENANTS

In the event that the Borrower, 3284906 Nova Scotia Limited or 4318682 Nova Scotia Limited changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

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

a) maintain on a combined basis for the Borrower, 3284906 Nova Scotia Limited, and 4318682 Nova Scotia Limited, to be measured as at the end of each fiscal year:

   i. Debt Service Coverage of not less than 1.25:1;

   ii. a ratio of Funded Debt to EBITDA of not greater than 4.00:1.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

a) annual Compliance Certificate, substantially in the form of Schedule "G" signed by an authorized signing officer of the Borrower, within 90 days of each fiscal year end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;

b) annual review engagement financial statements for the Borrower, within 90 days of each fiscal year end;

c) annual notice to reader combined financial statements for the Borrower, 3284906 Nova Scotia Limited, and 4318682 Nova Scotia Limited, within 90 days of each fiscal year end;

d) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

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

a) a duly executed copy of this Agreement;

b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;

c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require;

d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

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

f) no Borrowing under Facility #3 will be made available unless the Bank has received a Borrowing Request from the Borrower substantially in the form of Schedule "E";

g) no Lease will be made available to the Borrower unless it meets the leasing criteria established by the Bank and the Bank has received such documentation in respect thereof as may be required by the Bank.

BUSINESS LOAN INSURANCE PLAN

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

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

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

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

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

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

GOVERNING LAW JURISDICTION

Province of Nova Scotia.

ACCEPTANCE

This Agreement is open for acceptance until September 10, 2021, after which date it will be null and void, unless extended by the Bank in its sole discretion.

ROYAL BANK OF CANADA

Per: _____
Title: Vice President

RBC Contact: Leslie Otter

/kb

We acknowledge and accept the terms and conditions of this Agreement on this 8 day of Sept, 2021.

3343533 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 8 day of Sept, 2021.

3384906 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Guarantor.

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 8 day of Sept, 2021.

4316682 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Guarantor.

Attachments:
Terms and Conditions
Schedules:
- Definitions
- Calculation and Payment of Interest and Fees
- Additional Borrowing Conditions
- Borrowing Request
- Compliance Certificate
- RBC Covarity Dashboard Terms and Conditions

Schedule "E"

BORROWING REQUEST

The Borrower hereby requests the following be established under Facility # 3 :

Date of Borrowing	August 16, 2021		
Amount of Borrowing:	$ 22,635.75		
Amortization (in months):	60 months		
Selected Term: (Borrowing repayable in full on the last day of the Term)	3 year fixed (36 month)		
Payment Amount:	$ 465.00		
Payment Frequency:	weekly ☐	bi-weekly ☐	
	semi-monthly ☐	monthly ☑	
	quarterly ☐	semi-annual ☐	annual ☐
Selected Interest Rate (per annum):	2.77 % ☑	RBP + % ☐	
Selected Payment Type:	Blended Principal and Interest ☑ If variable interest rate selected with blended payments, the payment amount is subject to annual adjustment to ensure amortization	Principal Plus Interest ☐	
First Payment Due Date:	30 days after advance		
Amount Eligible for Prepayment of FRT Loan:	0% ☑	10% ☐	

Dated this 16 day of August, 2021.

3343533 NOVA SCOTIA LIMITED

Per: K Alex Zi
Name:
Title:
Per: _____
Name:
Title:
I/We have the authority to bind the Borrower

SRF# 562842065

This is Exhibit "29" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB KK

Royal Bank of Canada
Guarantee and Postponement of Claim

SRF:
562842005

BORROWER:
3343533 NOVA SCOTIA LIMITED

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **3343533 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$2,300,000.00 Two Million Three Hundred Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Prime Interest Rate of the Bank plus 5.000 Five** percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of

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one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the **Province of Nova Scotia** ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by

law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A Provinces.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 21 day of Jan, 2021.

3284906 NOVA SCOTIA LIMITED

K Allen R

Insert the full name and address of guarantor (Undersigned above).

Full name and address

This is Exhibit "31" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB LL

Royal Bank of Canada
Guarantee and Postponement of Claim

SRF:
562842005

BRANCH ADDRESS:
940 PRINCE ST
TRURO, NS
B2N 1H5

BORROWER:
3343533 NOVA SCOTIA LIMITED

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **3343533 NOVA SCOTIA LIMITED** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **$2,300,000.00 Two Million Three Hundred Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Prime Interest Rate of the Bank plus 5.000 Five** percent per annum as well after as before default and judgment.

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(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this

one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the

law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(Applicable in all P.P.S.A Provinces.)

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 9 day of Sept, 21.

4318682 NOVA SCOTIA LIMITED

Insert the full name and address of guarantor (Undersigned above).

Full name and address

This is Exhibit "32" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

GOLTON SMITH

TAB MM

[Collateral Mortgage - Newfoundland, Nova Scotia, and Prince Edward Island]

This Collateral Mortgage made this 23 day of February, 2021.

BETWEEN:

3343533 Nova Scotia Limited

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

(a) "Condominium Corporation" means the condominium corporation of which the Mortgagor is a member by virtue of ownership of the Mortgaged Premises;

(b) "Condominium Unit(s)" means the condominium unit(s) and common interests appurtenant thereto described in Schedule "A" annexed hereto;

(c) "Customer" means 3343533 Nova Scotia Limited, who is a customer of the Mortgagee. If more than one person is named as a Customer, the term "Customer" means all and any one or more of them and the liabilities of the Customer (as hereinafter defined) means the liabilities of all or any one or more of them to the Mortgagee;

(d) "Guarantor" means the party or parties of the third part who has executed this Mortgage to guarantee the obligations of the Mortgagor pursuant to the provisions of Section 16 of this Mortgage;

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by th Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreementor dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of one-million and fifty thousand Dollars ($ 1,050,000.00 *)(the "Principal Sum"), together with interest from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

(Use one of the two below and delete the other)

(a) **Prime Rate**
Interest at a rate equal to the Mortgagee's Prime Interest Rate per annum in

for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Mortgagee's Prime Interest Rate applicable at any time, or times, it is agreed that the certificate in writing of the Mortgagee setting forth the Mortgagee's Prime Interest Rate as at any time, or times, shall be conclusive evidence as to the Mortgagee's Prime Interest Rate as in the certificate set forth;

(g) "Loan" means any loan, facility or arrangement creating the Indebtedness;

(h) "Loan Document" means any agreement or instrument evidencing the Indebtedness;

(i) "Mortgagee" means Royal Bank of Canada;

(j) "Mortgaged Premises" means the lands described in Schedule "A" annexed hereto, together with all easements, rights of way, tenements, hereditaments, rights, privileges and appurtenances now or hereafter belonging or appertaining to these lands, and together with, if applicable, all buildings, erections, structures and appurtenances, fixed or otherwise, now or hereafter put on these lands and includes a Condominium Unit(s), if applicable;

(k) "Mortgagor" means the party or parties of the first part.

2.0 **RECITALS**

2.1 The Mortgagee has requested from the Mortgagor security for the due payment of the Indebtedness.

2.2 The Mortgagor has agreed to execute this Mortgage for the purpose of securing to the Mortgagee payment of the Indebtedness.

3.0 **CHARGE**

3.1 In consideration of the sum of $1.00, the Mortgagor assigns, conveys and mortgages, as beneficial owner by way of a first fixed and specific charge to the Mortgagee the Mortgaged Premises TO HOLD the Mortgaged Premises unto the Mortgagee:

(a) as to leasehold lands, for all the residue yet to come and unexpired of the term granted by the lease of the same except the last day thereof which is excepted out of the Mortgaged Premises but in respect of which the Mortgagor shall stand possessed in trust for the Mortgagee for the purpose of this Mortgage; and

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

3.2 Provided that this Mortgage shall be void upon the Mortgagor paying upon demand to the Mortgagee the Principal Sum and all other amounts payable by the Mortgagor hereunder and upon the due performance of all covenants and conditions herein contained and on the part of the Mortgagor to be observed and performed, but shall otherwise remain in full force and effect.

4.0 **COVENANTS**

4.1 The Mortgagor covenants with the Mortgagee that:

(a) The Mortgagor will pay upon demand that portion of the Principal Sum then outstanding, together with interest thereon from the date of demand at the Interest Rate, and on default the Mortgagee may enter and have quiet enjoyment of the Mortgaged Premises.

(b) (i) The Mortgagor will pay all taxes, rates and assessments and show receipts on demand, or at the option of the Mortgagee, pay to the Mortgagee one-twelfth of the yearly taxes as estimated by the Mortgagee on the first

thereon exceed the estimated amount, the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency; and if the Mortgagor desires to take advantage of any discounts or avoid any penalty in connection with the payment of the taxes, the Mortgagor shall pay to the Mortgagee such additional amounts as are required and shall direct the Mortgagee to make such payments for that purpose; and the Mortgagor shall transmit to the Mortgagee forthwith after receiving them, tax bills and other notices affecting the imposition of taxes upon the Mortgaged Premises.

(ii) The Mortgagee shall allow the Mortgagor interest, at the rate prescribed by the Mortgagee on the minimum monthly balance outstanding in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less than once each year; and the Mortgagor shall be charged interest at the Interest Rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee until such debit balance is fully repaid.

(c) The Mortgagor has a good freehold/leasehold title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed, that the Mortgaged Premises are free from encumbrances, and that the Mortgagor will procure such further assurances as may reasonably be required.

(d) (i) The Mortgagor will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Mortgaged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Mortgaged Premises or the use thereof, in a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Mortgagee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee, and the Mortgagor will forthwith assign, transfer and deliver over unto the Mortgagee the policy or policies of insurance and receipts thereto appertaining; and if the Mortgagor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Mortgagee shall pay any premiums or sums of money for insurance for the buildings on the Mortgaged Premises or any part thereof the amount of such payment shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Mortgagor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this Mortgage shall be sufficient authority for the said insurance company to pay any such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Mortgaged Premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part, in payment of this Mortgage debt or any part thereof whether due or not then due.

(ii) If the Mortgaged Premises are comprised of one or more Condominium Units, the insurance provisions set out in subparagraph (i) above will not apply and the

neglect to keep the Condominium Unit(s) insured as aforesaid, or to deliver such certificates or evidence of insurance to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obligated to insure the Condominium Unit(s); and the Mortgagor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies of insurance and, without limiting the generality of the obligation of the Mortgagor to observe and perform all the duties and obligations imposed on the Mortgagor by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, shall comply with the insurance provisions of the Declaration; and the Mortgagor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(e) The Mortgagor will keep the Mortgaged Premises in good condition and repair according to the nature and description thereof and if the Mortgaged Premises are not kept in good condition and repair or any act of waste is committed thereon by the Mortgagor or any person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor defaults the Mortgagee may enter and complete, repair or manage the Mortgaged Premises and recover all reasonable costs with interest at the Interest Rate as part of this Mortgage.

(f) The Mortgagor will not make or permit to be made any demolition, alterations or additions to the Mortgaged Premises without the consent of the Mortgagee, and will not use the Mortgaged Premises or permit them to be used without the consent of the Mortgagee for a purpose other than disclosed to the Mortgagee in the application for this Mortgage.

(g) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Mortgaged Premises to inspect the Mortgaged Premises, and the reasonable costs of such inspection shall be added to the Indebtedness secured by this Mortgage.

(h) The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Mortgaged Premises or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at the Mortgagor's own expense make any and all improvements thereon or alterations to the Mortgaged Premises, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

(i) In the event of default being made under any of the terms of this Mortgage, the Mortgagee shall be entitled to send an inspector or agent to inspect and report upon the value, state, and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the Mortgaged Premises at the Mortgagor's expense, and all expenses incurred in so doing, together with all costs and charges (including solicitor and client costs) which the Mortgagee may incur or pay in collecting or attempting to collect the Principal Sum and any other monies secured hereunder, or in enforcing or attempting to enforce any of the remedies and powers herein contained for the recovery of the Principal Sum and any other monies secured hereunder, whether the proceedings taken prove abortive or not, and in recovering or attempting to procure possession of and keeping possession of the Mortgaged Premises or any part thereof, shall form and be a charge upon the Mortgaged Premises, and shall be payable forthwith to the Mortgagee by the Mortgagor, and shall bear interest at the Interest Rate computed from the time of payment.

(j) In the event of the Mortgagor selling, conveying, transferring, or entering into any

5.0 APPLICATION OF PAYMENTS

5.1 **PROVIDED** that, in the case of any default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.

6.0 ACTS OF DEFAULT

6.1 **PROVIDED** that in default of the payment of the Principal Sum and any other monies secured hereunder, or on breach of any covenant or proviso herein contained, or if waste be committed by the Mortgagor or any other person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor should make an assignment for the benefit of creditors, or a proposal under the *Bankruptcy and Insolvency Act*, or *Companies' Creditors Arrangement Act* or have a bankruptcy petition presented against the Mortgagor, or if the Mortgagor should allow a creditor to enter judgment against the Mortgagor by reason of its financial inability to pay a debt or debts, the whole of the Principal Sum and any other monies secured hereunder remaining unpaid shall become payable, but the Mortgagee may waive its right to demand payment of the Principal Sum and any other monies secured hereunder and shall not be therefor debarred from subsequently asserting and exercising its right to call in the Principal Sum and any other monies secured hereunder by reason of such waiver or by reason of any future default, and the Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advancing of any part of the Loan, shall bind the Mortgagee to advance any further part of the Loan, but the advance of the Loan or any part thereof shall be in the sole discretion of the Mortgagee.

7.0 PRIOR ENCUMBRANCES

7.1 **PROVIDED** that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the Mortgaged Premises, having priority over this Mortgage, including any arrears of taxes or other rates on the Mortgaged Premises or any of them, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Mortgaged Premises and all solicitors' charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Mortgagor thereunder, as between solicitor and client, whether any action or other judicial proceeding to enforce such payment has been taken or not and the amounts so paid shall be added to the Indebtedness hereby secured and be a charge on the Mortgaged Premises and shall bear interest at the Interest Rate, and shall be forthwith payable by the Mortgagor to the Mortgagee and the non-payment of such amount shall entitle the Mortgagee to exercise the powers exercisable for breach of covenant hereinbefore contained. In the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

8.0 JUDGMENT

8.1 The taking of a judgment in respect of the Indebtedness or any instrument or instruments now or hereafter representing or evidencing the Indebtedness, or under any of the covenants herein, or in any such instrument contained or implied, shall not operate as a merger of the Indebtedness or such instrument, instruments or covenants, nor affect the Mortgagee's right to interest at the Interest Rate, nor affect nor prejudice any rights or remedies given to the Mortgagee by the terms hereof.

9.0 FIXTURES

9.1 All machinery and improvements, fixed or otherwise, and even though not attached to the Mortgaged Premises otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Mortgaged Premises as between the parties hereto, their heirs, executors, administrators

owing to the Mortgagee or any lien, bond, promissory note or bill of exchange or other security held by or which may hereinafter be held by the Mortgagee from the Mortgagor or from the Customer or from any other person or persons and this Mortgage shall not in any way prejudicially affect such security held or which may hereafter be held by the Mortgagee for the liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Mortgagee for or on account of the said liabilities or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Mortgage.

(c) That any and all payments made in respect of the Indebtedness and interest and the monies or other proceeds received from the sale of any securities held therefor, including this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the Indebtedness as the Mortgagee may see fit or may be held unappropriated in a separate collateral account for such time as the Mortgagee may see fit.

(d) That the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Mortgagor, the Customer, the Guarantor and all other persons, securities and guarantees as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage.

11.0 CHANGE OF CORPORATE CONTROL

11.1 Where the Mortgagor is a corporation, the Mortgagor covenants and agrees in the event that:

(a) the Mortgagor fails to supply to the Mortgagee, in a form satisfactory to the Mortgagee, such information relating to the ownership of its shares as the Mortgagee may from time to time require, or

(b) without the written consent of the Mortgagee first had and obtained,

(i) the Mortgagor issues or redeems any of its shares or transfers any of its shares;

(ii) there is a sale or sales of shares of the Mortgagor which results in the transfer of the legal or beneficial interest of a majority of the shares of the Mortgagor; or

(iii) there is a change in the effective control of the majority of the voting shares of the Mortgagor.

The Principal Sum secured by this Mortgage together with all interest and other monies owing hereunder shall forthwith become due and payable at the option of the Mortgagee and the Mortgagee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

12.0 RECEIVERSHIP

12.1 Notwithstanding anything herein contained, it is declared and agreed that if at any time when there shall be default under the provisions of this Mortgage, the Mortgagee may, at such time and from time to time, and with or without entry into possession of the Mortgaged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Mortgagee or not, to be a receiver (which term, as used herein, includes a receiver manager) of the Mortgaged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another receiver, and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any such receiver from time to time, the following provisions shall apply:

or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(v) manage, operate, repair, alter or extend the Mortgaged Premises or any part thereof.

The Mortgagor undertakes to ratify and confirm whatever any such receiver may do in the Mortgaged Premises.

(b) The Mortgagee may, at its discretion, vest the receiver with all or any of the rights and powers of the Mortgagee.

(c) The Mortgagee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Mortgaged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Mortgagor and, in no event, the agent of the Mortgagee and the Mortgagee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Premises.

(f) No such receiver shall be liable to the Mortgagor to account for monies other than monies actually received by the receiver in respect of the Mortgaged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's power and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Mortgaged Premises in priority to this Mortgage, including taxes;

(iv) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee, in its discretion, shall determine, and

thereafter, every such receiver shall be accountable to the Mortgagor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Mortgagor on demand and shall be a charge on the Mortgaged Premises and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Mortgagor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Mortgagee may, at any time and from time to time, terminate any such receivership by notice in writing to the Mortgagor and to any such receiver.

(i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

all interest thereon, and any other monies secured hereunder;

(b) the Mortgagee shall not be bound to exhaust its recourse against the Customer or others or any securities (which term when used in this section 13.1 includes guarantees) it may at any time hold before being entitled to payment from each such Mortgagor of the Principal Sum, together with all interest thereon, and any other monies secured hereunder and each such Mortgagor renounces to all benefits of discussion and division;

(c) this Mortgage and the liabilities and obligations of each such Mortgagor hereunder shall not be affected by the death or loss or diminution of capacity of the Customer or of any such Mortgagor or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Customer, or by the Customer or the Customer's business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;

(d) this Mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Mortgagee and all dividends, compositions, proceeds of security valued and payments received by the Mortgagee from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of any Mortgagor to claim in reduction of his liability under this Mortgage, the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Mortgagee or proceeds thereof, and none of such Mortgagors shall have the right to be subrogated in any rights of the Mortgagee until the Mortgagee shall have received payment in full of all indebtedness;

(e) all of the Principal Sum and any other monies secured hereunder or intended to be secured hereby shall be deemed to form part of the obligations, debts and liabilities of each such Mortgagor notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or suable entity, and notwithstanding any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or creditors, or in the taking or registering of this Mortgage or any other securities, the whole whether known to the Mortgagee or not; and all the Principal Sum and any other monies secured hereunder shall be recoverable from each such Mortgagor as sole or principal debtor in respect thereof and shall be paid to the Mortgagee on demand with interest and accessories; and

(f) each such Mortgagor shall be bound by any account settled between the Mortgagee and the Customer, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Mortgegee shall be accepted by such Mortgagor and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Mortgagee or remains unpaid by the Customer to the Mortgagee.

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

14.1 It is the intention of the parties hereto that the building or buildings erected or to be erected on the Mortgaged Premises form part of the security for the Principal Sum secured by this Mortgage; and that all advances are to be made in such manner at such times and in such amounts up to the full amount of the Principal Sum as the Mortgagee in its sole discretion may determine, and subject always to the provision to which the Mortgagor hereby agrees that notwithstanding the execution or registration of this Mortgage or the advancement of any part of the Loan, the Mortgagee is not bound to advance the Loan or any unadvanced portion thereof and the advance of the Loan and any part thereof from time to time shall be in the sole discretion of the Mortgagee, but nevertheless, this Mortgage hereby made shall take effect forthwith upon execution by the Mortgagor and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the Loan not being advanced, the same to be charged hereby upon the Mortgaged Premises and shall be without demand thereof, payable forthwith with interest at the Interest Rate and in default the Mortgagee's power of sale hereby given and all other remedies

16.0 GUARANTEE OF MORTGAGE

16.1 **IN CONSIDERATION** of the Mortgagee making loans, accommodations, advances or other extensions of credit to the Customer which are the basis for the Indebtedness, each Guarantor hereby agrees with the Mortgagee as follows:

(a) Each Guarantor hereby:

(i) guarantees the payment by the Mortgagor to the Mortgagee of all of the Principal Sum and other liabilities of the Mortgagor secured or payable under this Mortgage, present or future covenant, direct or indirect, absolute or contingent, matured or not, including, without limitation, principal, interest, taxes, fees and expenses as and when the same are due and payable under this Mortgage (the "Guaranteed Amounts"); and

(ii) covenants and agrees to perform all other covenants and obligations of the Mortgagor under this Mortgage as and when the same are required to be observed or performed under this Mortgage (the "Guaranteed Covenants");

in each case without any demand required to be made. The obligations of the Mortgagor to pay the Guaranteed Amounts and perform and observe the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations", and this guarantee is hereinafter referred to as the "Guarantee".

(b) If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to "the Guarantor" is to each and every such Guarantor.

(c) If any monies or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor, or any of them, on the footing of a guarantee for any reason whatever, such monies or amounts may be recovered from the Guarantor, or any of them, as a primary obligor and principal debtor in respect of such monies or amounts, regardless of whether such monies or amounts are recoverable from the Mortgagor or would be payable by the Mortgagor to the Mortgagee. For greater certainty, but without restricting the generality of the foregoing, if the Mortgagee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations, including, without limitation, the right of acceleration, the right to be paid interest at the Interest Rate in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Mortgagee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Mortgagor and the Mortgagee; provided, however, that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended and shall not be interpreted to confer on the Guarantor, or any of them, any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

(d) Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Mortgagee may:

(i) grant any time, indulgences, waivers or extensions of time for payment of any of the Guaranteed Obligations;

(ii) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage, and whether by express agreement signed by the Mortgagor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(iii) change the interest rate provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such interest rate is calculated or determined; change from a fixed rate to a variable or floating rate, or from a variable or floating rate to a fixed rate, or otherwise;

(viii) accept compositions, compromises or proposals from the Customer or otherwise deal with the Customer or any other person (including, without limitation, the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including, without limitation, this Mortgage) or the Mortgaged Premises or any security as the Mortgagee sees fit, including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Indebtedness;

(ix) release or discharge any Guarantor, or one or more other co-covenantors or guarantors or Mortgagors in respect of this Mortgage, whether under this Guarantee or otherwise; or

(x) release any subsequent legal or beneficial owner of the Mortgaged Premises from any liability for the Guaranteed Obligations, or any of them, or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under the Guarantee, regardless of whether any such action has the effect of amending or varying this Mortgage or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Mortgagor under this Mortgage as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if the interest rate provided in this Mortgage is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

(e) The obligations of the Guarantor hereunder shall be unaffected by:

(i) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Mortgagor, the Customer or any Guarantor or any other party;

(ii) any irregularity, defect, unenforceability or invalidity in respect of the Indebtedness or this Mortgage or any indebtedness, liability or other obligation of the Mortgagor or any other party;

(iii) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

(iv) any judgment obtained against the Mortgagor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation any money on deposit and any guarantee) or any right or remedy, from or against the Mortgagor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect, any security (including without limitation any money on deposit or any guarantee) or any right or remedy;

(v) any change in the name, control, objects, business, assets, capital structure or constitution of the Mortgagor, the Customer or any Guarantor, or any merger or amalgamation of the Mortgagor, the Customer or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Mortgagor, the Customer or Guarantor was originally formed, or any change in the membership of the Mortgagor, the Customer or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Mortgagor", the "Customer", or the "Guarantor" in this Mortgage will be deemed to include each corporation and each partnership resulting from any of the foregoing;

(vi) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of this Mortgage or the Guarantee, or the Mortgagor, the Customer or any Guarantor;

(f) Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Mortgagee in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Mortgagee, and the Guarantor shall not seek any reimbursement from the Mortgagor.

(g) The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Mortgage (whether such payment shall have been made by or on behalf of the Mortgagor or the Guarantor or any of them) is rescinded, or is reclaimed from the Mortgagee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Mortgagor, the Customer or the Guarantor or any of them, or for any other reason.

(h) The Mortgagee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Mortgagor, the Customer or any other party or any assets of the Mortgagor, the Customer or of any other party before being entitled to demand payment or performance by any Guarantor of its obligations under this Mortgage. Each Guarantor hereby waives all benefit of discussion and division.

(i) Any Guarantor may, by notice in writing delivered to the manager of the branch or agency of the Mortgagee receiving this instrument, terminate the Guarantor's liability under this Mortgage with effect from and after the date (the "Termination Date") that is 30 days following the date of such notice in respect of Guaranteed Obligations incurred or arising at any time on or after the Termination Date but not in respect of any Guaranteed Obligations incurred, arising or existing before the Termination Date, even though not then matured. Notwithstanding the foregoing, the Mortgagee may fulfil any requirements of the Mortgagor under this Mortgage or any Indebtedness requested by the Mortgagor prior to the receipt of such notice, and any liabilities of the Mortgagor resulting from such fulfilment shall be added to the Guaranteed Obligations and shall be secured by this Mortgage. Termination of the liability of one or more of the Guarantors shall not affect the liability of any other Guarantor.

(j) Each Guarantor shall indemnify and save harmless the Mortgagee from and against all losses, damages, costs and expenses which the Mortgagee may sustain, incur or become liable for by reason of:

(i) the failure, for any reason whatever, of the Mortgagor to pay any amounts expressed to be payable pursuant to the provisions of this Mortgage, regardless of whether the Mortgagor's obligation to pay such amounts is valid or enforceable against the Mortgagor;

(ii) the failure, for any reason whatever, of the Mortgagor to perform any other obligation under this Mortgage; or

(iii) any act, action or proceeding of or by the Mortgagee for or in connection with the recovery of such amounts or the performance of such obligations.

(k) The Guarantee shall be operative and binding upon every Guarantor upon execution and delivery of this Mortgage by such Guarantor, regardless of whether it has been executed by any other proposed guarantor or guarantors.

17.0 CONDOMINIUMS

17.1 If this Mortgage charges one or more Condominium Units, the following provisions shall apply:

(a) The Mortgagor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Mortgagor by the Condominium Act, the declaration, the by-laws, and the rules, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the Condominium Unit(s). Any breach of the said duties and obligations shall constitute a breach of covenant under this Mortgage.

(b) Without limiting the generality of the foregoing, the Mortgagor covenants and agrees that he

revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Mortgagee shall not by virtue of the assignment to the Mortgagee of the right to vote or consent be under any obligation to vote or consent to protect the interests of the Mortgagor.

(iii) The exercise of the right to vote or consent shall not constitute the Mortgagee a mortgagee in possession.

18.0 DISTRESS

18.1 **PROVIDED** that and it is further stipulated and agreed by and between the parties to this Mortgage that the Mortgagee, its successors or assigns, may distrain for arrears of interest against the Mortgaged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payment of taxes, if required, in the same manner as if the same were arrears of interest.

19.0 RIGHTS ON DEFAULT

19.1 The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Mortgagor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Mortgagee may, at such time or times as it may deem necessary and without the concurrence of any other person, enter upon the Mortgaged Premises and make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Mortgaged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee, and shall be a charge upon the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

19.2 **PROVIDED** also that in the event of default of payment of the Principal Sum with interest thereon and any other monies secured hereunder, or in the due performance of any provision in this Mortgage, the Mortgagee may, where legally permitted or required, enter on or lease or sell the Mortgaged Premises, but no power of sale shall be exercised until after four weeks' notice has been given. Any such sale may be a sale of the Mortgaged Premises as a whole or in separate parcels at public auction, by public tender or by private sale or partly in one manner and partly in another manner or manners, at such time and on such terms and conditions as the Mortgagee shall appoint, having first given such notice as it may think proper or as may be required by law, and upon such reasonable conditions as to upset or reserve, bid or price and as to terms of payment as it may deem proper. The Mortgagee may adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Mortgaged Premises good and sufficient deed or deeds for the same, the Mortgagee being hereby constituted the irrevocable attorney of the Mortgagor for the purpose of making such sale and executing such deeds and any such sale as aforesaid shall be a perpetual bar both at law and at equity against the Mortgagor and all persons claiming the Mortgaged Premises, by, from, through or under the Mortgagor; provided that the Mortgagee shall have the right exercisable and any time and from time to time to purchase all or any part of the Mortgaged Premises if the same are sold by public auction or by public tender.

20.0 OBLIGATIONS SURVIVE SALE

20.1 **PROVIDED** further that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the monies hereby secured

22.0 PARTIAL RELEASE

22.1 **PROVIDED** that the Mortgagee may at all times release any part or parts of the Mortgaged Premises or other security or any surety or guarantor for payment of all or any part of the Indebtedness hereby secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the Indebtedness, either with or without consideration therefore, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other party to this Mortgage, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release, the Mortgaged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the Principal Sum secured by this Mortgage.

23.0 RELEASE

23.1 The Mortgagee shall have a reasonable time after payment in full of the amounts secured by this Mortgage within which to prepare, execute and register, if required, a discharge or assignment of this Mortgage; provided that interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Mortgagee. All legal and other expenses for the preparation, execution and registration, as applicable, of such discharge or assignment and any other administrative fee of the Mortgagee in connection therewith shall be borne by the Mortgagor.

24.0 LIENS AND CONSTRUCTION

24.1 **PROVIDED** also that upon the registration of any lien against the Mortgaged Premises, or in the event of any buildings being erected thereon or allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the Principal Sum, together with interest at the Interest Rate, and all other amounts secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable. In the event any lien is registered against the Mortgaged Premises, the Mortgagee shall have the right, but not the obligation, to pay such amounts as may be required to vacate the lien. Any amount so paid by the Mortgagee, together with all costs, charges and expenses incurred by the Mortgagee in connection therewith, including all solicitors' charges or commissions, on a solicitor and its own client basis, shall be added to the Principal Sum secured by this Mortgage and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Mortgaged Premises prior to all claims thereon subsequent to this Mortgage, and shall be forthwith payable on demand.

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

25.1 It is agreed that in the event that at any time any provision of this Mortgage is illegal or invalid under, or inconsistent with, the provisions of any applicable statute or regulation thereunder or would, by reason of the provisions of any such statute or regulation, render the Mortgagee unable to collect the amount of any loss sustained by it as a result of providing the Indebtedness which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would render the Mortgagee unable to collect the amount of any such loss.

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

26.1 **PROVIDED** that no failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall prejudice such rights or any other rights of the Mortgagee; no performance or payment by the Mortgagee in respect of any breach or default hereunder of the Mortgagor shall relieve the Mortgagor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

28.0 OTHER SECURITY

28.1 This Mortgage is in addition to, and not in substitution for, any other security held by the Mortgagee, including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Mortgagee for the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. Without limiting the generality of the foregoing, this Mortgage is in addition to, and not in substitution for, any other charges now or hereafter held by the Mortgagee over the Mortgaged Premises as security for monies advanced hereunder or any other monies due to the Mortgagee, and it is understood and agreed that the aggregate principal amount secured by this Mortgage and such other charges shall be the sum of the Principal Sum and all other monies secured hereunder and the respective principal amounts of such other charges.

29.0 HEADINGS

29.1 The headings of sections herein are inserted for convenience or reference only and shall not affect the construction or interpretation of this Mortgage.

30.0 INTERPRETATION

30.1 AND it is hereby agreed that where the context requires, words in the singular include the plural, and words importing the masculine gender include the feminine and neuter genders. All covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor shall be joint and several, and shall be binding upon the heirs, executors, administrators, successors and assigns of the Mortgagor, as the case may be.

30.2 This Mortgage is made in pursuance of any applicable enactments respecting short forms of indentures.

31.0 RECEIPT OF TRUE COPY

31.1 The Mortgagor (and the Guarantor, if applicable) acknowledges receipt of a copy of this Mortgage.

IN WITNESS WHEREOF the Mortgagor (and the Guarantor, if applicable) has properly executed this Mortgage the day and year first above written.

SIGNED AND DELIVERED
in the presence of

Christene Hirschfeld

3343533 Nova Scotia Limited

Alex K. Rice , President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of New Glasgow, in the county of Pictou, Province of Nova Scotia, make oath and say as follows:

1. THAT I am the President of 3343533 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 23 day of February, 2021, before me:

Christene H. Hirschfeld, Q.C.
A Barrister of the Supreme Court of Nova Scotia

Alex K. Rice

PL#146238.013.003/10453624

Schedule "A"

REFERENCE INFORMATION *Information contained herein is for reference purposes only.* *In the event of discrepancy, the metes and bounds description shall have precedence.*	
Property: **11 Dudley Park Lane, Upper Falmouth, Hants Co., NS (Lot SC-1)**	PID #: **45220357**
Title Reference: Document # **11229** Book **614** Page **393**	Assessment #: **07842279**

Place Name: DUDLEY PARK ROAD, UPPER FALMOUTH
Municipality/County: MUNICIPALITY OF THE DISTRICT OF HANTS WEST/HANTS COUNTY
Designation of Parcel on Plan: LOT SC-1
Title of Plan: PLAN OF SUBDIVISION LOT SC-1, LANDS CONVEYED TO SUZANNE CORKUM, UPPER FALMOUTH, HANTS COUNTY, NOVA SCOTIA
Registration County: COUNTY OF HANTS
Registration Number of Plan: 6155
Registration Date of Plan: 1989-10-26

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act

Registration District: HANTS COUNTY
Registration Year: 1989
Plan or Document Number: 6155

This is Exhibit "33" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024.

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB NN

E-FORM 760
(2000/03)

ASSIGNMENT OF RENTS

THIS INDENTURE made this 28th day February, 2021

BETWEEN:

3343533 Nova Scotia Limited

hereinafter called the "Assignor"

OF THE FIRST PART,

and

ROYAL BANK OF CANADA

hereinafter called the "Assignee"
OF THE SECOND PART.

WHEREAS, by a Mortgage dated February 23, 2021 and registered in the Land Registry Office for the Land (Registry/Titles) Division of Hants, as instrument No. 118076877 the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed which Mortgage secures payment of the sum of One Million Fifty Thousand Dollars ($1,050,000.00) and interest as therein mentioned and which Mortgage is hereinafter referred to as "the Mortgage". Whenever in this indenture reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof and any Mortgage taken in substitution therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee, its successors and assigns, the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from, leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto (the "Leases") now or hereafter entered into by the Assignor as landlord with tenants thereof (Lessees) and including without limitation the specific leases referred to in Schedule "B" hereto annexed, as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this Indenture contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS INDENTURE WITNESSETH that the Assignor in consideration of the premises, the making of the said Mortgage, and the sum of One ($1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases (including without limitation the specific leases referred to in Schedule "B" hereto annexed) and all benefits and advantages to be derived therefrom, to hold and receive the same unto the said Assignee, its successors and assigns.

2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months' of such rents being prepaid under such Leases, or variation, cancellation or surrender of any of the Leases, or of the terms, covenants, provisos or conditions thereof.

3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.

4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this Indenture herein contained in any or all of the following ways:

(a) in its own name;

(b) in the name of the Assignor, and

(c) in the names of both the Assignor and the Assignee jointly.

5. The Assignor agrees to assign any of the said Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of its security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases, (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises on the lands and premises described in Schedule "A" hereto or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the said Lessee to make such payments, and the payments of the said rentals to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an Arbitration Award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this Assignment of Rents upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the
Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this Assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this Indenture contained shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and that the Assignee shall not by virtue of these presents be deemed a mortgagee in possession of the lands and premises described in Schedule "A" hereto and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of these presents.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this Indenture shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

13. IT IS HEREBY DECLARED AND AGREED that these presents and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF the Assignor has executed this Assignment of Rents under the hands of its proper signing officers duly authorized in that behalf.

SIGNED AND)
DELIVERED BY)
)
)
)
)
)
)
)
)
)

3343533 Nova Scotia Limited

Per: _____
Name: Alex K. Rice
Title: President

_____
Witness
Christene Hirschfeld

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of New Glasgow, in the county of Pictou, Province of Nova Scotia, make oath and say as follows:

1. THAT I am the President of 3343533 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 23 day of February, 2021, before me:

Christene H. Hirschfeld, Q.C.
A Barrister of the Supreme Court of Nova Scotia

Alex K. Rice

PL#146238.013.003/10453624

SCHEDULE "A"

See attached.

Schedule "A"

REFERENCE INFORMATION *Information contained herein is for reference purposes only.* *In the event of discrepancy, the metes and bounds description shall have precedence.*	
Property: **11 Dudley Park Lane, Upper Falmouth, Hants Co., NS (Lot SC-1)**	PID #: **45220357**
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Municipality/County: MUNICIPALITY OF THE DISTRICT OF HANTS WEST/HANTS COUNTY
Designation of Parcel on Plan: LOT SC-1
Title of Plan: PLAN OF SUBDIVISION LOT SC-1, LANDS CONVEYED TO SUZANNE CORKUM, UPPER FALMOUTH, HANTS COUNTY, NOVA SCOTIA
Registration County: COUNTY OF HANTS
Registration Number of Plan: 6155
Registration Date of Plan: 1989-10-26

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act

Registration District: HANTS COUNTY
Registration Year: 1989
Plan or Document Number: 6155

SCHEDULE "B"

All leases of premises erected on the lands and premises more particularly described in Schedule "A" hereto.

This is Exhibit "34" to the affidavit of Dave Northrup sworn to before me at Halifax, Nova Scotia on November 18, 2024

A Barrister of the Supreme Court of Nova Scotia

COLTON SMITH

TAB OO

Grant Thornton

Financial Statements

4318682 Nova Scotia Limited
(Operating as Annapolis Cider Co)

June 30, 2022

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Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

Independent Practitioner's Review Engagement Report

To the shareholder of
4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)

We have reviewed the accompanying financial statements of 4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) that comprise the balance sheet as at June 30, 2022, and the statements of income and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of 4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) as at June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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Independent Practitioner's Review Engagement Report (continued)

Other matter

The company adopted Canadian accounting standards for private enterprises for its year ending June 30, 2022, with a transition date of July 1, 2021 (Note 14). We have not been engaged to review the comparative information, therefore they are neither audited nor reviewed.

Grant Thornton LLP

New Glasgow, Canada
July 4, 2023

Chartered Professional Accountants

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4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Statements of Income and Retained Earnings

Year ended June 30	2022	24 days ended June 30, 2021
Sales		
Cider sales	**$ 1,227,913**	$ 46,561
Cider Club	**79,746**	199
Merchandise sales	**58,970**	3,499
	1,366,629	50,259
Cost of sales (Schedule 1)	**653,774**	37,023
Gross profit	**712,855**	13,236
Expenses (Schedule 2)	**648,478**	31,662
Income (loss) before other income and income taxes	**64,377**	(18,426)
Other income		
Grants and subsidies	**20,208**	-
Income (loss) before income taxes	**84,585**	(18,426)
Income taxes (Note 3)	**6,444**	-
Net income (loss)	**$ 78,141**	$ (18,426)
Deficit, beginning of year	**$ (18,426)**	$ -
Net income (loss)	**78,141**	(18,426)
Retained earnings (deficit), end of year	**$ 59,715**	$ (18,426)

See accompanying notes and schedules to the financial statements.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Balance Sheet

June 30	2022	24 days ended June 30, 2021
Assets		
Current		
Accounts receivable (Note 4)	**$ 36,283**	$ 18,522
Inventory (Note 5)	**396,418**	255,434
Subscription receivable	**210**	210
	432,911	274,166
Property, plant and equipment (Note 6)	**1,347,830**	1,454,974
Goodwill	**630,366**	633,710
Investment tax credits	**11,826**	14,722
	$ 2,422,933	$ 2,377,572
Liabilities		
Current		
Bank indebtedness (Note 7)	**$ 118,697**	$ 222,555
Payables and accruals (Note 8)	**172,438**	124,415
Unearned revenue	**13,525**	11,468
Income taxes payable	**2,819**	4,037
Due to related parties (Note 9)	**506,465**	52,835
Current portion of long-term debt (Note 11)	**284,318**	276,808
Current portion of capital lease obligation (Note 12)	**61,111**	58,805
Current portion of callable debt (Note 10)	**70,207**	125,574
	1,229,580	876,497
Callable debt (Note 10)	**94,537**	134,987
	1,324,117	1,011,484
Long-term		
Long-term debt (Note 11)	**940,206**	1,224,508
Capital lease obligation (Note 12)	**98,685**	159,796
	2,363,008	2,395,788
Shareholder's equity (deficiency)		
Share capital (Note 13)	**210**	210
Retained earnings (deficit)	**59,715**	(18,426)
	59,925	(18,216)
	$ 2,422,933	$ 2,377,572

On behalf of the board

_____ Director _____ Director

See accompanying notes and schedules to the financial statements.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Statement of Cash Flows

Year ended June 30	2022	24 days ended June 30, 2021
Increase (decrease) in bank indebtedness		
Operating		
Net income (loss)	**$ 78,141**	$ (18,426)
Item not affecting cash		
Amortization	**113,705**	8,726
	191,846	(9,700)
Change in non-cash working capital items		
Accounts receivable	**(17,761)**	(18,522)
Inventory	**(140,984)**	(255,434)
Payables and accruals	**48,023**	124,415
Unearned revenue	**2,057**	11,468
Income taxes	**(1,218)**	4,037
	81,963	(143,736)
Financing		
Advances to related parties	**453,630**	52,835
Repayment of callable debt	**(95,817)**	(8,184)
Proceeds of callable debt	**-**	268,745
Repayment of long-term debt	**(276,792)**	-
Proceeds of long-term debt	**-**	1,501,316
Repayment of capital lease obligation	**(58,805)**	(10,210)
Proceeds of capital lease obligation	**-**	228,811
	22,216	2,033,313
Investing		
Advances from (to) shareholder	**-**	(210)
Purchase of property, plant and equipment, net of ITC's	**(6,561)**	(1,463,700)
Goodwill	**3,344**	(633,710)
Investment tax credits applied (earned)	**2,896**	(14,722)
Advances to shareholder	**-**	210
	(321)	(2,112,132)
Increase (decrease) in bank indebtedness	**103,858**	(222,555)
Bank indebtedness		
Beginning of year	**(222,555)**	-
End of year	**$ (118,697)**	$ (222,555)

See accompanying notes and schedules to the financial statements.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Notes to the Financial Statements
June 30, 2022

1. Nature of operations

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) was incorporated under the Business Corporations Act of Nova Scotia on June 6, 2020. The company is primarily engaged in the production and distribution of alcoholic beverages.

2. Significant accounting policies

Basis of presentation

The Company has prepared these consolidated financial statements in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements have been prepared on an accrual basis of accounting primarily using the historical cost basis of measurement. In limited circumstances, where specifically mentioned in the respective accounting policies, other bases of measurement have been used.

Cash and cash equivalents

The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn

Inventory

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise e. the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventories]. The costs of conversion include costs directly related to units of production, such as direct labour and a systematic allocation of fixed and variable overheads incurred in converting materials into inventory.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable variable selling costs.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts, obsolete inventory provision, asset useful life, and accounting accruals.

2. Significant accounting policies (continued)

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

The following rates applied on a method as described below will apply the cost over the estimated useful lives of property, plant and equipment:

Buildings	4% Declining balance
Equipment	20% Declining balance
Vehicles	30% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Investment tax credits

Investment tax credits on property, plant and equipment are deducted from the cost of the assets.

Revenue recognition

Revenue is recognized at the time of delivery of the product to the customers, upon customer acceptance. This point in time coincides with the point at which all performance obligations have been completed, including that all significant acts are complete, the Company retains no continuing managerial involvement in, or effective control of the goods transferred, persuasive evidence of an arrangement exits, the price is fixed or determinable, and collectibility is reasonably assured. Amounts received from customers in advance of delivery are classified as unearned revenue, regardless of whether or not the amount is refundable. Revenue is recorded net of discounts and returns. Shipping revenue charges are recognized at the time of shipment.

Financial instruments

The Company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Company accounts for the following as financial instruments:

- cash and cash equivalents (bank indebtedness)
- accounts receivable
- due from shareholder
- due to related parties
- long term debt
- callable debt
- obligations under capital lease

A financial asset or liability is recognized when the Company becomes party to contractual provisions of the instrument.

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Company does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Company initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Company has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Company removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Income taxes

The Company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary difference and no recognition of the benefit of income tax losses carried forward. As a result, the Company's income tax expense varies for the amount that would otherwise result from the application of the statutory income tax rates set out in Note 3.

3. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 11.5% (2021 - 13%) to the income (loss) for the years as follows:

	2022	2021
Income (loss) for the year before income taxes	**$ 84,585**	$ (18,426)
Anticipated income tax (recovery)	**$ 24,530**	$ (5,344)
Tax effect of the following:		
Benefit of income tax loss carry-forwards not previously recognized	**(14,114)**	-
Charitable donation carry-forwards not previously recognized	**(2,722)**	-
Benefit of income tax losses not recognized	**-**	5,344
Charitable donations	**967**	-
Amortization in excess of CCA	**13,906**	-
Capitalized lease payments	**(17,053)**	-
Non-deductible expenses	**930**	-
Income tax expense	**$ 6,444**	$ -

4. Accounts receivable

	2022	2021
Trade receivable	**$ 39,783**	$ 18,522
Less: Allowance for doubtful accounts	**3,500**	-
	$ 36,283	$ 18,522

5. Inventory

	2022	2021
Finished product	**$ 164,211**	$ 134,697
Packaging	**134,734**	58,875
Work in progress	**59,052**	16,351
Merchandise	**28,700**	37,227
Raw materials	**9,721**	8,284
	$ 396,418	$ 255,434

6. Property, plant and equipment

	Cost	Accumulated Amortization	**2022 Net Book Value**	2021 Net Book Value
Land	$ 50,000	$ -	**$ 50,000**	$ 50,000
Buildings	500,000	20,800	**479,200**	499,167
Equipment	421,561	89,117	**332,444**	408,083
Vehicles	21,000	6,667	**14,333**	20,475
Furniture and fixtures	1,500	320	**1,180**	1,475
Leasehold improvements	475,000	5,146	**469,854**	474,604
Computer equipment	1,200	381	**819**	1,170
	$ 1,470,261	$ 122,431	**$ 1,347,830**	$ 1,454,974

7. Bank indebtedness

A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $250,000 (2021 - $250,000) of which $115,000 (2021 - $Nil) was available for use as at June 30, 2022 and bears interest at bank's prime lending rate plus 1% per annum. The Royal Bank of Canada's prime rate at the year end was 3.70%

	2022	2021
Cash	**$ 16,303**	$ 27,445
Bank indebtedness	**(135,000)**	(250,000)
	$ (118,697)	$ (222,555)

As security for the operating line of credit of $250,000 and a capital line of credit of $370,000, of which $164,744 has been advanced, the Company has provided the following security:

(i) General security agreement signed by 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited constituting a first ranking security interest in all personal property;
(ii) General security agreement signed by the borrower constituting a first ranking security interest in all personal property of the borrower;
(iii) Guarantee and postponements in the amount of $2,600,000 from 3284906 Nova Scotia Limited;
(iv) Guarantee and postponements in the amount of $2,600,000 from 3343533 Nova Scotia Limited;
(v) Mortgage security in the amount of $262,250 on property located at 11621 Parkway Drive, Port Williams, Nova Scotia;
(vi) Security confirmation agreement in respect of the amalgamation

8. Payables and accruals

Government remittances payable (other than income taxes) as of June 30, 2022 total $12,371 (2021 - $4,811) are included in payables and accruals.

9. Due to related party and related company transactions

	2022	2021
(a) The Company had the following transactions made in the normal course of business with companies that exercise significant influence, that are recorded at the exchange amount of consideration established and agreed to by the related parties.		
Revenue - Packaging sales	**$ 24,431**	$ -
Expenses		
Materials	**$ 133,568**	$ -
Management fees	**104,318**	-
	$ 237,886	$ -

(b) Due to related parties

	2022	2021
3284906 Nova Scotia Limited	**$ (351,467)**	$ (23,831)
Blue Ocean Management Limited	**(116,686)**	-
Blue Lobster Capital Limited Limited	**(33,117)**	(25,158)
3343533 Nova Scotia Limited	**(5,195)**	(3,845)
	$ (506,465)	$ (52,834)

10. Callable debt	2022	2021
Callable term loan, payable in equal monthly instalments of $1,795 including interest of 3.62%, commencing June 2021, due on demand, amortized to January 2026.	**$ 76,996**	$ 95,558
Callable term loan, payable in equal monthly instalments of $2,222 including interest of 4.26%, commencing June 2021, due on demand, amortized to April 2023.	**22,054**	46,720
Callable term loan, paid off in the year.	**-**	2,339
Callable term loan, payable in equal monthly instalments of $2,524 including interest of 5.37%, commencing June 2021, due on demand, amortized to October 2025.	**38,761**	52,635
Callable term loan, payable in equal monthly instalments of $2,063 including interest of 5.29%, commencing June 2021, due on demand, amortized to July 2022.	**1,913**	25,869
Callable term loan, payable in equal monthly instalments of $2,070 plus interest of 5.52%, commencing June 2021, due on demand, amortized to July 2024.	**25,020**	37,440
	164,744	260,561
Less current portion	**70,207**	125,574
Callable debt	**$ 94,537**	$ 134,987

RBC demand facilities (callable debt) are authorized in the amount of $370,000 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months. Security for the loans is as disclosed in Note 8.

Estimated principal repayments are as follows:

2023	$ 70,207
2024	47,441
2025	31,450
2026	15,646
	$ 164,744

11. Long-term debt	2022	2021
Fixed rate term loan bearing interest at 2.68%, repayable in monthly payments of $26,049 including interest, amortized to June 2026. Security is outlined in Note 7.	**$ 1,184,524**	$ 1,461,316
Canada Emergency Business Account - The amount of $40,000 represents the unforgiveable balance of the $60,000 interest free loan received under the Government of Canada COVID-19 response program. A total of $20,000 is forgivable if the loan is fully paid by December 31, 2023. As at the year end date, $20,000 has been included in prior year income and represents the maximum forgiveable portion of the loan. If the unforgiven portion of the loan is not fully paid by December 31, 2024 the entire principal will be repayable and will bear interest at 5% per annum beginning January 1, 2024. The loan is due in full December 31, 2025.	**40,000**	40,000
	1,224,524	1,501,316
Less current portion	**284,318**	276,808
Due beyond one year	**$ 940,206**	$ 1,224,508

Estimated principal repayments are as follows:

2023	$ 284,318
2024	332,032
2025	299,956
2026	308,218

12. Capital lease obligation	2022	2021
Capital lease contract with equipment pledged as security, repayable in monthly installments of $3,531 including interest at 4.30% per annum from June to November and interest only installments from December to May. The lease has a maturity date of August 2023 and a buyout option at maturity.	**$ 25,896**	$ 46,271
Capital lease contract with equipment pledged as security, repayable in monthly installments of $5,897 including interest at 5.47% per annum from June to November and interest only installments from December to May. The lease has a maturity date of October 2026 and a buyout option at maturity.	**113,250**	141,747
Capital lease contract with equipment pledged as security, repayable in monthly installments of $1,772 including interest at 5.27% from May to October and interest only installments from November to April. The lease has a maturity date of February 2024 and a buyout option at maturity.	**20,650**	30,583
	159,796	218,601
Less current portion	**61,111**	58,805
Due beyond one year	**$ 98,685**	$ 159,796

Estimated lease payments are as follows:

2023	$ 61,111
2024	47,317
2025	33,676
2026	17,692

13. Share capital	2022	2021
Authorized		
Unlimited common shares with no par value		
Issued		
21,000 common shares	**$ 210**	$ 210

14. First time adoption

These financial statements are the first financial statements for which the Company has applied Canadian accounting standards for private enterprises (ASPE). The financial statements for the year ended June 30, 2022 were prepared in accordance with ASPE. Comparative period information presented for the year ended June 30, 2021 was prepared in accordance with ASPE and the provisions set out in Section 1500 First-time adoption.

As required by ASPE section 1500 First-time adoption, June 30, 2021 has been considered to be the date of adoption. The opening balance sheet at the date of transition and the comparative income statement for the year ended June 30, 2021 together with any adjustments made for the effect of the adoption of ASPE, are explained in this note.

During the year, there were no changes in accounting methods as a result of the first-time adoption.

15. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at June 30, 2022.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its receivables. The entity provides credit to its clients in the normal course of its operations. The Company reduces its exposure to credit risk by performing credit valuation on a regular basis including creating an allowance for doubtful accounts when applicable.

15. Financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its long-term debt, payables and accruals and note payable. The Company reduces its exposure to credit risk by maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as it becomes due. In the opinion of management, the liquidity risk exposure to the Company is low and is not material.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt, fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

16. Capital management

The terms of the credit facility require that the Company must maintain certain financial covenants. As at the year ended June 30, 2022, the Company was not in compliance with its financial covenants. The lender has indicated a tolerance for the covenant breach and has provided written confirmation on the forbearance until after the June 30, 2023 year end.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Schedules to the Financial Statements
Year ended June 30

Schedule of cost of sales **Schedule 1**

	2022	2021
Freight	$ 11,439	$ 2,879
Materials	211,001	17,075
Permits	25,616	1,290
Purchases	234,838	(1,732)
Shipping	48,000	9,664
Wages and benefits	122,880	7,847
	$ 653,774	$ 37,023

Schedule of expenses **Schedule 2**

	2022	2021
Accounting and legal	$ 21,791	$ 12,013
Advertising and promotion	12,946	794
Amortization	113,705	8,726
Bad debts	3,500	-
Business taxes	2,110	-
Donations	3,335	-
Insurance	18,837	4,044
Interest and bank charges	34,258	1,228
Interest on income taxes	658	-
Interest on long-term debt	55,633	(6,635)
Management fees	104,318	-
Meals and entertainment	5,098	118
Office	20,628	1,163
Property taxes	14,788	(2,584)
Rent	51,338	-
Repairs and maintenance	3,016	130
Salaries and related benefits	146,086	10,681
Security	1,243	-
Telephone and utilities	4,137	378
Travel and automotive	13,359	13
Utilities	17,694	1,593
	$ 648,478	$ 31,662

TAB PP

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Financial Statements

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)

June 30, 2023

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Grant Thornton

Grant Thornton LLP
Suite 270, Aberdeen Business Centre
610 East River Road, PO Box 427
New Glasgow, NS
B2H 5E5

T +1 902 752 8393
F +1 902 752 4009
www.GrantThornton.ca

Independent Practitioner's Review Engagement Report

To the shareholders of 4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)

We have reviewed the accompanying financial statements of 4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) that comprise the balance sheet as at June 30, 2023, and the statements of loss, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of 4318682 Nova Scotia Limited as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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Emphasis of matter

We draw attention to Note 2 in the financial statements which describes events or conditions that indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern. Our conclusion is not modified with respect to this matter.

Grant Thornton LLP

New Glasgow, Canada
July 31, 2024

Chartered Professional Accountants

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4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Statement of Loss and Retained Earnings

June 30	2023	%	2022	%
Sales				
Cider sales	$ 1,658,299		$ 1,227,913	
Cider Club	76,550		79,746	
Merchandise sales	59,073		58,970	
	1,793,922		1,366,629	
Cost of sales (Schedule 1)	1,048,646	58.4%	653,774	47.8%
Gross profit	745,276	41.6%	712,855	52.2%
Expenses (Schedule 2)	772,270	43.0%	648,478	47.5%
(Loss) income before other income and income taxes	(26,994)		64,377	
Other income				
Grants and subsidies	3,698		20,208	
(Loss) income before income taxes (recovered)	(23,296)		84,585	
Income taxes (recovered) (Note 4)	(6,444)		6,444	
Net (loss) income	$ (16,852)		$ 78,141	
Retained earnings (deficit) – beginning of year	$ 59,715		$ (18,426)	
Net (loss) income	(16,852)		78,141	
Retained earnings – end of year	$ 42,863		$ 59,715	

See accompanying notes and schedules to the financial statements

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Balance Sheet

June 30	2023	2022
Assets		
Current		
Accounts receivable	$ 98,584	$ 36,283
Inventory (Note 5)	467,384	396,418
Income taxes recoverable	1,651	-
Subscriptions receivable	210	210
	567,829	432,911
Property, plant and equipment (Note 6)	1,268,349	1,347,829
Goodwill	630,366	630,366
Due from related parties (Note 9)	10,000	-
Investment Tax credits	16,601	11,826
	$ 2,493,145	$ 2,422,932
Liabilities		
Current		
Bank indebtedness (Note 7)	$ 175,500	$ 118,697
Accounts payable and accrued liabilities (Note 8)	329,708	172,438
Income taxes payable	-	2,819
Unearned revenue	14,697	13,525
Demand loans (Note 10)	101,902	70,207
Current portion of long-term debt (Note 11)	940,360	284,318
Current portion of capital lease obligation (Note 12)	98,688	61,111
	1,660,855	723,115
Callable debt (Note 10)	-	94,537
	1,660,855	817,652
Due to related parties (Note 9)	789,217	506,465
Long-term debt (Note 11)	-	940,206
Capital lease obligation (Note 12)	-	98,685
	2,450,072	2,363,008
Shareholders' equity		
Share capital (Note 13)	210	210
Retained earnings	42,863	59,715
	43,073	59,925
	$ 2,493,145	$ 2,422,933

Capital management (Note 15)
Guarantees (Note 16)

On behalf of the board

_____ Director _____ Director

See accompanying notes and schedules to the financial statements

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Statement of Cash Flows

Year ended June 30	2023	2022
Increase (decrease) in bank indebtedness		
Operating		
Net (loss) income	$ (16,852)	$ 78,141
Item not affecting cash:		
Amortization	96,721	113,705
	79,869	191,846
Change in non-cash working capital		
Accounts receivable	(62,301)	(17,761)
Inventory	(70,966)	(140,984)
Accounts payable and accrued liabilities	157,270	48,023
Unearned revenue	1,172	2,057
Taxes payable	(3,996)	(1,218)
	101,048	81,963
Investing		
Purchase of property, plant and equipment, net of Investment tax credits earned	(17,241)	(6,561)
Goodwill	-	3,344
Investment tax credits (earned) applied	(5,249)	2,896
	(22,490)	(321)
Financing		
Advances from related parties	272,752	453,630
Repayment of callable debt	(62,841)	(95,817)
Repayment of long-term debt	(284,164)	(276,792)
Repayment of obligations under capital lease	(61,108)	(58,805)
	(135,361)	22,216
(Increase) decrease in bank indebtedness	(56,803)	103,858
Bank indebtedness		
Beginning of year	(118,697)	(222,555)
End of year	$ (175,500)	$ (118,697)

See accompanying notes and schedules to the financial statements

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Notes to the Financial Statements
June 30, 2023

1. Nature of operations

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co) was incorporated under the Business Corporation Act of Nova Scotia on June 7, 2021. The company is primarily engaged in the production and distribution of alcoholic beverages.

2. Going Concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

However, several adverse conditions may cast significant doubt on this assumption. The Company has been a recipient of significant financing from a company under common control, primarily through advances provided from proceeds on that Company's credit facilities, and has cross guaranteed the debt obligations of these related parties (Note 16). These obligations have been fully accrued in these financial statements. The Company is in violation of its lending covenants, which is calculated on a group basis with certain related parties (Note 15); therefore, these obligations are classified as current liabilities and result in a working capital deficiency of $1,093,026 as at June 30, 2023.

The Company's ability to continue as a going concern is dependent upon securing replacement operating and long-term financing. Management is focused on actively seeking external financing, including discussions with its current lender and other sources, and improving the results from operations in certain entities under common control. While the Company has been successful in securing financing in the past, has positive cash flows from operations, and has seen improvements and stabilization in the results of operations of its related parties, there is no certainty that management will be able to resolve these matters. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they come due.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

3. Significant accounting policies

Basis of presentation
The Company has prepared these financial statements in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements have been prepared on an accrual basis of accounting primarily using the historical cost basis of measurement. In limited circumstances, where specifically mentioned in the respective accounting policies, other bases of measurement may have been used.

Cash and cash equivalents
The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Inventory
The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise e. the

purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventories]. The costs of conversion include costs directly related to units of production, such as direct labour and a systematic allocation of fixed and variable overheads incurred in converting materials into inventory.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable variable selling costs.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date asses thee need for revision or any possibility of impairment. Many of the items in the financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts, obsolete inventory provision, asset useful life and accounting accruals.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

Property, plant and equipment (continued)

The following rates applied on a method as described below will apply the cost over the estimated useful lives of property, plant and equipment:

Buildings	4% declining balance method
Equipment	20% declining balance method
Vehicles	30% declining balance method
Computer equipment	30% declining balance method
Furniture and fixtures	20% declining balance method
Leasehold improvements	5% straight-line met

Investment tax credit

Investment tax credits on property, plant and equipment are deducted from the cost of the assets. Investment tax credits of $1,916 were earned in the current fiscal year.

3. Significant accounting policies (continued)

Revenue recognition

Revenue is recognized at the time of delivery of the product to the customers, upon customer acceptance. This point in time coincides with the point at which all performance obligations have been completed, including that all significant acts are complete, the Company retains no continuing managerial involvement in, or effective control of the goods transferred, persuasive evidence of an arrangement exits, the price is fixed or determinable, and collectability is reasonably assured. Amounts received from customers in advance of delivery are classified as unearned revenue, regardless of whether or not the amount is refundable. Revenue is recorded net of discounts and returns. Shipping revenue charges are recognized at the time of shipment.

Financial instruments

The Company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Company accounts for the following as financial instruments:

- cash and cash equivalents (bank indebtedness)
- accounts receivable
- due from shareholder
- due to/from related parties
- long-term debt
- callable debt
- obligations under capital lease

A financial asset or liability is recognized when the Company becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Company removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

3. Significant accounting policies (continued)

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Company does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Company initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Company has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

Income taxes
The Company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary difference and no recognition of the benefit of income tax losses carried forward. As a result, the Company's income tax expense varies for the amount that would otherwise result from the application of the statutory income tax rates set out in Note 4.

Callable debt
The company's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

4. Income taxes

The income tax provision recorded in the financial statement differs from the amount which would be obtained by applying the statutory income tax rate of 29.00% (2022 - 29.00%) to the income for the year and is reconciled as follows:

4. Income taxes (continued)

	2023	2022
(Loss) income for the year before income taxes	$ (23,296)	$ 84,585
Income tax expense at the combined basic federal and provincial tax rate:	$ (6,756)	$ 24,530
Increase (decrease) resulting from:		
Amortization in excess of CCA	13,198	13,906
Non-deductible expenses	1,081	930
Charitable donations carried forward	1,758	(2,722)
Charitable donations	-	967
Non-capital loss carried forward	1,996	(14,114)
Payments on capital leases	(17,721)	(17,053)
Income tax (recovered) expense	$ (6,444)	$ 6,444

For income tax purposes, the Company has non-capital losses which can be applied to reduce future years' taxable income. These losses expire as follows:

2041	$ 24,865
2043	6,891

5. Inventory

	2023	2022
Finished product	$ 199,331	$ 164,211
Packaging and raw materials	120,983	144,455
Work in progress	112,863	59,052
Merchandise	34,207	28,700
	$ 467,384	$ 396,418

6. Property, plant and equipment

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	$ 50,000	$ -	$ 50,000	$ 50,000
Buildings	500,000	39,968	460,032	479,200
Machinery, equipment, furniture and fixtures	423,801	151,578	272,223	320,644
Motor vehicles	21,000	10,967	10,033	14,332
Computer hardware & software	1,200	627	573	819
Furniture & fixtures	16,500	6,116	10,384	12,980
Leasehold improvements	475,000	9,896	465,104	469,854
	$ 1,487,501	$ 219,152	$ 1,268,349	$ 1,347,829

7. Bank indebtedness

A demand operating loan has been authorized by the Royal Bank of Canada to a maximum of $250,000 (2022 - $250,000) of which $60,000 (2022 - $115,000) was available for use as at June 30, 2023 and bears interest at bank's prime plus 1% per annum. The Royal Bank of Canada's prime rate at the year end was 6.95% (2022 - 3.70%)

		2023		2022
Bank indebtedness	$	**(190,000)**	$	(135,000)
Cash		**14,500**		16,303
	$	**(175,500)**	$	(118,697)

As security for the operating line of credit of $250,000 and a capital line of $370,000 of which $101,902 (2022 - $164,744) has been advanced, the Company has provided the following security:

(i) General security agreement signed by 3343533 Nova Scotia Limited and 3284906 Nova Scotia Limited constituting a first ranking security interest in all personal property;

(ii) Guarantee and postponement of claim from the directors totalling $1,000,000

(iii) General security agreement signed by the borrower constituting a first security interest in all personal property of the borrower;

(iv) Guarantee and postponements in the amount of $2,600,000 from 3284906 Nova Scotia Limited;

(v) Guarantee and postponements in the amount of $2,600,000 from 3343533 Nova Scotia Limited;

(vi) Mortgage security in the amount of $262,500 on property located at 11621 Parkway Drive, Port Williams, Nova Scotia;

(vii) Security confirmation agreement in respect of the amalgamation

See Note 15 for additional information.

8. Payables and accruals

Government remittances payable (other than income taxes) as of June 30, 2023 total $47,847 (2022 - $12,371) are included in payables and accruals.

9. Due to/from related parties and related company transactions

a) The company had the following transactions made in the normal course of business with companies that exercise significant influence, that are recorded at the exchange amount of consideration established and agreed to by the related parties.

	2023	2022
Revenue – Packaging sales	$ 28,059	$ 24,431
Expenses		
Materials	$ 242,344	$ 133,568
Management fees	180,000	104,318
	$ 422,344	$ 237,886

b) Due to related parties

	2023	2022
3284906 Nova Scotia Limited	$ (789,217)	$ (351,467)
Blue Ocean Management Limited	-	(116,686)
Blue Lobster Capital Limited	-	(33,117)
3343533 Nova Scotia Limited	-	(5,195)
	(789,217)	$ (506,465)

c) Due from related parties

	2023	2022
Blue Ocean Management Limited	$ 10,000	$ -

10. Demand loans

	2023	2022
Callable term loan bearing interest at 3.62% per annum, repayable in equal monthly payments of $1,795 including interest, due on demand, amortized to January 2026.	$ 57,927	$76,996
Callable term loan, repaid during the year.	-	22,054
Callable term loan bearing interest at prime plus 2% per annum, repayable in equal monthly payments of $1,545 plus interest, due on demand, amortized to January 2024.	29,305	38,761

10. Demand loans (continued)	2023	2022
Callable term loan, repaid during the year.	-	1,913
Callable term loan bearing interest at 5.52% per annum, repayable in equal monthly payments of $2,070 plus interest from May to October and interest only instalments from November to April. Due on demand, amortized to July 2024.	**14,670**	25,020
	101,902	164,744
Less current portion	**101,902**	70,207
Callable debt	**$ -**	$ 94,537

RBC demand facilities (callable debt) are authorized in the amount of $370,000 with interest rates determined at the time of borrowing. Individual terms are amortized over 12 to 84 months. Security for the loans is as disclosed in Note 7.

Estimated principal repayment are as follows:

2024	$ 101,902

See Note 15 for additional information.

11. Long-term debt	2023	2022
Fixed rate term loan bearing interest at 2.68% per annum, repayable in monthly payments of $26,049 including interest, amortized to June 2026. Security is as outlined in Note 7.	**$ 900,360**	$1,184,524
Canada Emergency Business Account- The amount of $40,000 represents the unforgivable balance of the $60,000 Interest-free loan received under the Government of Canada COVID-19 response program. A total of $20,000 is forgivable if the loan is fully paid by January 18, 2024. As at the year end date, $20,000 has been included in prior year income and represents the maximum forgivable portion of the loan, If the unforgiven portion of the loan is not fully paid by January 18, 2024, the entire principal will be payable and will bear interest at 5% per annum, beginning January 19, 2024. The loan is due in full December 31, 2025.	**40,000**	40,000
	940,360	1,224,524
Less current portion	**940,360**	284,318
Due beyond one year	**$ -**	$ 940,206

11. Long-term debt (continued)

Estimated principal repayment terms are as follows:

2024	$	940,360

See Note 15 for additional information.

12. Capital lease obligation

	2023	2022
Capital lease contract with equipment pledged as security, Repayable in monthly instalments of $3,531 including interest at 4.30% per annum from May to October and interest only instalments from November to April, maturing in 2024.The lease has a buyout option at maturity.	$ 5,081	$ 25,896
Capital lease contract with equipment pledged as security, repayable in monthly instalments of $5,897 including interest at 5.47% per annum from May to October and interest only instalments from November to April, maturing in 2026. The lease has a buyout option at maturity.	83,154	113,250
Capital lease contract with equipment pledged as security, Repayable in monthly instalments of $1,772 including interest at 5.27% per annum from May to October and interest only instalments from November to April, maturing in 2026. The lease has a buyout option at maturity.	10,453	20,650
	98,688	159,796
Less current portion	98,688	61,111
Due beyond one year	$ -	$ 98,685

Estimated lease payments are as follows:

2024	$	98,688

See Note 15 for additional information.

13. Share capital

	2023	2022
Authorized: Unlimited common shares with no par value		
Issued 21,000 common shares	$ 210	$ 210

14. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at June 30, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its receivables. The entity provides credit to its clients in the normal course of its operations. The Company reduces its exposure to credit risk by performing credit valuation on a regular basis including creating an allowance for doubtful accounts when applicable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its long-term debt, payables and accruals and note payable. The Company reduces its exposure to credit risk by maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as it becomes due. Note 2 provides additional detail on the liquidity of the company.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt, fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

15. Capital management

The terms of the credit facilities with the Royal Bank require that the Company maintain certain financial and reporting covenants. As at the year ended June 30, 2022, the Company was not in compliance with its financial covenants and as a result were moved into special loans on May 25, 2023. However, a waiver was received from the lender and as a result the amounts due were classified as long-term as at June 30, 2022, except for the demand facilities. Subsequent to the year ended June 30, 2023, the Company received a letter of demand and an agreement of forbearance and was subject to cashflow monitoring during the forbearance period which ended May 18, 2024. The Company continues not to be in compliance with its financial covenants and remains in special loans with the Royal Bank. As a result, all amounts outstanding with the Royal Bank are on a demand basis and have been classified as current liabilities.

16. Guarantees

The company has guaranteed the loans of 3343533 Nova Scotia Limited, a company under common control, to a maximum of $2,250,000. As at June 30, 2023 3343533 Nova Scotia Limited had $1,211,251 of loans outstanding to which the guarantee applies.

The company has guaranteed the loans of 3284906 Nova Scotia Limited, a company under common control, to a maximum of $7,032,500 As at June 30, 2023 3284906 Nova Scotia Limited had $4,717,393 of loans outstanding to which the guarantee applies.

4318682 Nova Scotia Limited (Operating as Annapolis Cider Co)
Schedules to the Financial Statements
June 30, 2023

Schedule of cost of sales — **Schedule 1**

	2023	2022
Freight	$ 36,597	11,439
Materials and purchases	799,998	$ 445,839
Permits	22,473	25,616
Shipping	57,329	48,000
Wages and benefits	132,249	122,880
	$ 1,048,646	$ 653,774

Schedule of expenses — **Schedule 2**

	2023	2022
Accounting and legal fees	$ 16,109	$ 21,791
Advertising and promotion	29,301	12,946
Amortization	96,721	113,705
Bad debts	358	3,500
Business taxes	4,457	2,110
Donations	6,057	3,335
Insurance	27,481	18,837
Interest and bank charges	38,462	34,258
Interest on income taxes	1,983	658
Interest on long-term debt	41,281	55,633
Management fees	180,000	104,318
Meals and entertainment	3,487	5,098
Office	19,195	20,628
Property taxes	16,566	14,788
Rent	51,338	51,338
Repairs and maintenance	26,373	3,016
Salaries and related benefits	169,545	146,086
Security	3,990	1,243
Telephone	3,321	4,137
Travel and automotive	14,175	13,359
Utilities	22,070	17,694
	$ 772,270	$ 648,478

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Notes		WEEKLY Total Week 1 Forecast Week beginning 2024-11-25 Week ending 2024-11-29	WEEKLY Total Week 2 Forecast 2024-12-02 2024-12-06	WEEKLY Total Week 3 Forecast 2024-12-09 2024-12-13	WEEKLY Total Week 4 Forecast 2024-12-15 2024-12-21	WEE Tot Wee Fore 2024- 2024-
	Opening Cash Balance	86,556	187,243	171,539	152,353	
	Cash Inflows					
Note 1	Trade Sales	206,153	128,579	287,595	73,565	1
Note 2	Direct Sales	23,129	26,221	26,221	11,130	
Note 3	Shopify	10,150	10,150	10,150	10,150	
Note 4	Other Sales	18,268	9,394	791	26,537	
	Total Cash Inflows	**257,700**	**174,344**	**324,757**	**121,382**	**1**
	Cash Outflows					
Note 5	Salaries, wages, and benefits	-	64,838	-	64,838	
	Payroll - CRA source remittances	8,098	-	9,500	15,325	
	Equitable Life Benefits	-	-	4,000	-	
	Professional Fees:	-	-	-	-	
	Professional Fees - Legal Counsel	10,000	10,000	10,000	10,000	
	Professional Fees - Monitor	12,000	12,000	12,000	12,000	
	Professional Fees - Monitor Legal Counsel	10,000	10,000	10,000	10,000	
	Professional Fees - Review Engagement	30,000	10,000	10,000	10,000	
	Professional Fees - Accounting	11,000	4,000	4,000	4,000	
	Rent	-	6,356	-	-	
	HST	-	-	-	-	
Note 6	ACOA Loan	-	-	-	-	
	Excise Tax	-	-	-	-	
Note 6	Schedule Loan Payment (RBC)	5,960	-	-	-	
Note 6	Equipment Lease Payment (RBC)	1,795	-	-	-	
	Credit Card Due on 18th	-	4,000	63,148	60,852	

	General Operating Expenses	9,938	12,400	8,529	4,877
	Contingency	25,000	25,000	25,000	25,000
	Inventory & Raw Materials Purchases	10,556	31,454	172,765	34,280
	Total Cash Outflows	**134,347**	**190,048**	**328,942**	**251,172**
	Cash surplus (deficit)	**123,353**	**- 15,704**	**- 4,185**	**- 129,790**
	Cumulative cash surplus (deficit)	123,353	107,648	103,463	- 26,327
	Ending Cash	209,909	171,539	167,353	22,564

Note 1	Trade Sales refers to sales to liquor boards including NSLC, PEI, and LCBO
	Payments up to Dec 4 are based on purchase orders fulfilled
	Payment amounts after Dec 5 are based on average prior year December sales
Note 2	Direct Sales refers to sales to direct customers including restaurants
	Payment are based on average prior year December sales; payment terms for 85% of sales are on receipt
Note 3	Shopify Sales refers to sales made to direct customers through web or in store retail
	Sales is calculated as average $10,000 per week based on historical results; payment terms are due on receipt/cash basis
Note 4	Other Sales refers to sales to private liquor stores
	Payment are based on average prior year December sales; payment terms vary
Note 5	Future payroll is based on last payroll run's actuals
Note 6	Payments are scheduled for prior to Dec. 1

WEEKLY	WEEKLY	WEEKLY	WEEKLY	WEEKLY	WEEKLY	WEEKLY	Expand for Detail
Total Week 7 Forecast 2025-01-05 2025-01-11	Total Week 8 Forecast 2025-01-12 2025-01-18	Total Week 9 Forecast 2025-01-19 2025-01-25	Total Week 10 Forecast 2025-01-26 2025-02-01	Total Week 11 Forecast 2025-02-02 2025-02-08	Total Week 12 Forecast 2025-02-09 2025-02-15	Total Week 13 Forecast 2025-02-16 2025-02-22	Combined Total Forecast 13 weeks ended 2025-02-22
107,538	144,042	141,226	236,448	209,453	331,751	394,737	2,252,624
124,099	124,099	126,599	124,099	124,099	124,099	126,599	1,848,673
35,351	35,351	35,351	33,122	33,122	33,122	33,122	397,404
10,150	10,150	10,150	10,150	10,150	10,150	10,150	131,950
10,042	24,251	9,251	18,645	16,640	32,431	16,640	215,360
179,642	**193,851**	**181,351**	**186,016**	**184,011**	**199,802**	**186,511**	**2,593,387**
-	64,838	-	64,838	-	64,838	-	389,027
9,500	15,873	9,500	-	9,500	15,873	-	102,669
-	3,500	-	-	-	1,500	-	9,000
-	-	-	-	-	-	-	-
10,000	10,000	10,000	10,000	10,000	10,000	10,000	130,000
12,000	12,000	12,000	12,000	12,000	12,000	12,000	156,000
10,000	10,000	10,000	10,000	10,000	10,000	10,000	130,000
-	-	-	-	-	-	-	60,000
4,000	4,000	4,000	4,000	4,000	4,000	4,000	59,000
-	-	-	-	1,437	-	-	14,149
-	-	-	75,000	-	-	-	86,250
-	-	-	4,167	-	-	-	8,334
-	-	-	30,000	-	-	-	34,500
-	-	-	-	-	-	-	5,960
-	-	-	-	-	-	-	1,795
40,775	40,775	-	-	-	-	40,775	250,325

14,776	7,131	3,500	3,006	14,776	3,606	2,400	94,303
-	-	-	-	-	-	-	100,000
82,861	54,325	31,573	61,000	61,000	61,000	61,000	778,329
183,912	**222,441**	**80,573**	**274,010**	**122,713**	**182,816**	**140,175**	**2,409,642**
- 4,270	**- 28,591**	**100,778**	**- 87,995**	**61,298**	**16,986**	**46,336**	**183,745**
74,933	46,342	147,120	59,125	120,423	137,409	183,745	183,745
103,267	115,451	242,004	148,453	270,751	348,737	441,073	441,073

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CONFIDENTIAL

This is not a credit facility offer or a credit facility approval and may be changed or withdrawn by FCC at its discretion.

October 2, 2024

3284906 Nova Scotia Limited
230 Foord Street
Stellarton, NS

Dear Alex,

Thank you for considering FCC for your lending requirements.

Further to our meetings and discussions, for your review below are the details of your financing requirements, as understood by FCC. The information will give you a general understanding of the credit facility, security requirements and expected conditions which will be required by FCC.

This document serves as a basis to discuss the requested financing and **does not constitute a commitment on our part to provide you with the said financing**. If you decide to enter into a financing arrangement with FCC, FCC may require additional information, specific security or conditions. These will be discussed with you and detailed in a draft Credit Agreement provided to you at a later date.

This letter contains information on terms, conditions and security taken directly from the information you provided to us. Any significant change resulting from our careful verification of this information may entail changes to the terms, conditions and security of the financing offer that we could provide.

The details of this document are confidential and cannot be divulged to other parties without FCC's prior written consent.

1. **Purpose of the credit facility**

Provide term financing for refinancing the existing term debt and provide available credit for future capex purchases.

Project		**Financing**	
Refinance existing term debt	$4,300,000	FCC credit facilities	$5,000,000
Refinance operating debt	$700,000		
Total	**$5,000,000**	**Total**	**$5,000,000**

2. **Possible credit facility terms**

Based on the information currently available, the terms and conditions of this financing would be as follows:

Borrowers:	3284906 Nova Scotia Limited 3343533 Nova Scotia Limited 4318682 Nova Scotia Limited
Guarantor:	Alex Rice
Total credit facility amount:	$5,000,000
Loan #1	
Loan amount:	$3,000,000
Product:	Standard loan
Loan terms and amortization:	20 years amortization
Repayment terms:	Blended / monthly level principal and interest payments 240 monthly payments of $12,500 (principal) plus accrued interest.
Interest rate:	TBD
Comments:	These rates are subject to change at any time.
Loan #2	
Loan amount:	$2,000,000
Product:	Standard Loan
Loan terms and amortization:	10 years
Repayment terms:	Blended / monthly level principal and interest payments 120 monthly payments of $16,666.67 (principal) plus accrued interest.
Interest rate:	TBD
Comments:	These rates are subject to change at any time.

3. **Security requirements**

The minimum security that FCC will require for the credit facility is:

- A Mortgage in the amount of $5,000,000 given by all borrowers and registered against the following property: all properties owned by the borrowers.
- Security Agreement granting FCC a security interest in all of the present and after acquired personal property of all borrowers, with priority on all equipment.
- A guarantee given by Alex Rice in the amount of $1,000,000, with independent legal advice to be obtained as required by FCC.
- An Assignment, Postponement and Subordination Agreement from the shareholders of all borrowers.

4. **Expected conditions**

The minimum conditions that will be included in the Credit Agreement are:
Provide the following supporting documentation:

- Final Review engagement financial statements for 2024 for all borrowers
- 2024 Review engagement financial statements for Blue Ocean Hospitality Limited and Blue Ocean Management Group Limited
- 2024 compilation engagement combined financial statements for all borrowers, hospitality and management
- 2024 accountant prepared statements for all remaining related companies
- Approved operating credit for the group, deemed suitable by FCC

The following insurance is to be in place prior to the advancement of any loan funds:

- full insurable value, all perils insurance
- business interruption insurance
- liability insurance and
- such other insurance as FCC may reasonably request.

All to be irrevocably assigned to FCC in place for the term of loan plus any renewal periods.

5. **Expected ongoing covenants**

The minimum covenants you will be expected to make in the Credit Agreement are:

- to provide the following statements to FCC within 120 days:
  (a) annual Review Engagement financial statements of 3284906 Nova Scotia Limited;
  (2) annual Review Engagement financial statements of 3343533 Nova Scotia Limited;
  (3) annual Review Engagement financial statements of 4318682 Nova Scotia Limited;
  (4) annual Review Engagement financial statements of Blue Ocean Hospitality Limited;
  (5) annual Review Engagement financial statements of Blue Ocean Management Group Limited;
  (6) annual Compilation Engagement financial statements combined for all above companies
- based on Compilation Engagement financial statements of the group demonstrating:
  - Fixed Charge Coverage Ratio tested annually will not be less than 1.25:1.00;

6. **Supporting documents**

The following documents are required for credit analysis:

- Net worth statement for Alex Rice
- All required KYC information
- Current operating credit agreements for the borrowers and 12 months borrowing base calculations
- Payout statements from RBC for their term loans

7. **Fees**

a. **Loan processing fee:**
A non-refundable loan processing fee of $18,000 will be retained by us from the loan funds.

b. **Annual review fee:**
During the term of the New Loan(s), you must pay us an annual review fee of $500

c. **Non-compliance fees:**

If you breach a financial covenant you will pay to FCC a risk adjustment fee equal to 10 basis points of the credit facility balance at fiscal year-end.

Fees represent FCC's liquidated damages, not penalties, to compensate FCC for the higher than forecast risk and/or non-performance of a covenant. Liquidated damages means the parties acknowledge and agree that this fee is a reasonable estimation of the actual damages suffered by FCC upon a breach contemplated by this section, and that you will pay the fee to FCC in the event of such a breach. You acknowledge that the precise amount of FCC's actual damages would be extremely difficult to calculate and that the fee set out in the Agreement represent a reasonable estimate of the actual damages and effort incurred by FCC in responding to a breach. Fees are due on demand. Payment of a fee does not cure a default and does not affect our remaining rights under this Agreement or any other document.

e. **Reporting and monitoring default fees**
If you breach a Reporting and Monitoring Covenant, you will pay FCC a default fee of $1,000 per breach.

8. **Expiry date of acceptance of the letter of intent**

This letter of intent is valid for 60 days and will expire, if FCC does not receive a signed copy of this letter of intent along with the payment of processing fees, by 2024/12/02.

Upon request, FCC may extend the expiry date for a predetermined period.

Sincerely yours,

Fred Oickle
Senior Relationship Manager
Farm Credit Canada

Acceptance

The undersigned hereby acknowledges and agrees to the terms and conditions as presented in this letter of intent. The undersigned further requests that FCC proceed with the required documentation and steps in order to process and complete the credit facility set out in this proposal.

I understand that this letter of intent is not an offer of financing from FCC and, as such, the details outlined herein may change.

_____ _____

Alex Rice Date

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DISCUSSION PAPER

This Discussion Paper (the "Discussion Paper") may be used for discussion purposes only and cannot be construed as creating any commitment or any obligation to advance funds or to reach an agreement on definitive terms and conditions. This Discussion Paper represents an outline of what may become mutually agreeable credit facilities if CIBC is satisfied with its due diligence, if credit approval is obtained and if all terms and conditions of any approved credit facilities are satisfied. Any approved credit facilities may include the terms and conditions set out in this Discussion Paper in addition to such other representations, warranties, covenants, indemnities, defaults, and other terms and conditions (including increased costs, reserve, tax, capital adequacy, sell down, currency of payment and other provisions) as CIBC may reasonably require. Notwithstanding anything to the contrary set forth herein, CIBC shall be entitled, after consultation with you, to change the pricing of the Facilities if CIBC determines that market conditions have changed between the date hereof and the proposed commitment date of the Facilities such that the cost to CIBC of making the Facilities available has materially increased. The obligations of CIBC to enter into any transaction are expressly made subject to the foregoing rights.

Borrower: Blue Ocean Group of Companies (the "Borrower")

Lender: Canadian Imperial Bank of Commerce ("CIBC")

Guarantor: 3284906 Nova Scotia Limited; 3343533 Nova Scotia Limited; 4318682 Nova Scotia Limited; Blue Ocean Hospitality Limited; Blue Ocean Management; Mr. Alex Rice (the "Guarantors")

Credit Facilities:

$3,000,000 Demand Revolving Operating Credit (the "Revolver")

- To fluctuate from normal business cash flow
- Interest payable monthly as due
- Interest rate at the Prime rate + 1.00% per annum

TBD Demand Installment Loan (the "Real Estate Loan")

- To consolidate existing Mortgage debt, limit to be determined.
- Repayment to be determined based on overall lending amount, amortization up to 20 years.
- Interest payable monthly as due
- Pricing to be determined

(collectively and each individually, the "Facilities")

Borrowing Base: The Revolver is subject to a Borrowing Base equal to the lesser of:

1) the Credit Limit of the Revolver, or
2) the sum of:
   a) 90% of acceptable EDC insured Accounts Receivable, plus
   b) 75 % of acceptable Accounts Receivable, plus
   c) 50 % eligible inventory but in no event may the amount in this clause (c) exceed $1,500,000, minus.
   d) priority accounts payable.

Maturity: All Facilities are payable on demand

Security:

Usual and customary for transactions of this type together with such other Security as CIBC, acting reasonably, may consider to be necessary or advisable in the circumstances including, without limitation, the following:

- General Security Agreement conveying a first charge over all assets of the Borrower and Guarantors
- EDC Guarantee (TELP) under the "Export Guarantee Program" that will Guarantee 75% of the Demand Revolving Operating Credit.
- Unlimited cross corporate guarantees between the Borrowers and Guarantors
- Assignment of EDC A/R Insurance
- Personal Guarantee from Mr. Alex Rice in an amount that is unlimited
- 1st Collateral Mortgage over properties deemed acceptable by CIBC
- Property insurance
- An intercreditor agreement among CIBC, Farm Credit Canada and the Borrower, for the purpose of setting out the relative rights of the parties thereto as creditors of the Borrower

Reporting Covenants:

Usual and customary for transactions of this type together with such other reporting requirements as CIBC, acting reasonably, may consider to be necessary or advisable in the circumstances including, without limitation, the following:

- Annual Combined Review Engagement Financial Statements including Borrower and Corporate Guarantors in the combined report.
- Annual Review Engagement Financial Statements from the Borrower and Corporate Guarantors.
- Quarterly internal combined and individual Financial Statements for each fiscal quarter with a comparison to last year's results for the same period
- Quarterly compliance certificate accompanied by detailed Financial Covenant calculations
- Monthly Borrowing Base certificate including aged monthly accounts receivable (from invoice date), inventory and accounts payable listings.

Financial Covenants:

Usual and customary for transactions of this type together with such other Financial Covenants as CIBC, acting reasonably, may consider to be necessary or advisable in the circumstances including but not restricted to the following:

- Fixed Charge Coverage Ratio to be no less than 1.20x at all times

"Fixed Charge Coverage Ratio" means the ratio of X to Y, where X is Trailing Twelve Month EBITDA ("TTM EBITDA"), less cash taxes, dividends, net shareholder and related party disbursements and less unfunded capital expenditures; and Y is principal and interest payments.

- Total Liabilities to Effective Equity not to exceed 3.25x at closing, reducing to 3.00x with a target date of June 30th, 2025 for compliance.

"Total Liabilities to Effective Equity Ratio" means the ratio of X to Y, where X is Total Liabilities, less all Postponed Debt, and Y is the total of Shareholders' Equity plus all Postponed Debt.

The Financial Covenants are to be tested on a Quarterly basis.

Conditions Precedent: Usual and customary for transactions of this type together with such other Conditions Precedent as CIBC, acting reasonably, may consider to be necessary or advisable in the circumstances.

- Satisfactory review of the finalized FYE 2024 Review Engagement Financial Statements for the Blue Ocean Group of Companies.
- Confirmation all outstanding tax liabilities are paid prior to initial advance.
- Satisfactory Bank review of Appraisals on properties to be pledged as Security.
- Satisfactory site inspection performed by CIBC.
- Security Documentation to be in order & legal due diligence completed.
- Satisfactory Bank review of YTD Financial statements
- Other due diligence as may be required by CIBC.

Fees/Costs:

- Structuring Fee: $6,000
- Monthly Loan Administration Fee of $125 is payable monthly in arrears
- Annual loan renewal fee of $1,000 per annum.
- All out of pocket costs including, without limitation, legal costs are for the account of the Borrower.

Expiry Date: The terms and conditions outlined in this Discussion Paper will remain valid until 5:00pm Friday December 6th, 2024

Accepted by:

Name:
Title:

Name:
Title:

TAB TT



Potential Credit Structure

Prepared for: Alex Rice, Matt Couldwell

November 8, 2024

BMO Commercial Bank

Potential Credit Structure – Blue Ocean Group

BMO We're here to help.

Potential Credit Structure

Co-Borrowers	3284906 Nova Scotia Limited; 3343533 Nova Scotia Limited; 4318682 Nova Scotia Limited; Blue Ocean Hospitality Limited; Blue Ocean Management Group Limited. **Known as Blue Ocean Group**
Lender	Bank of Montreal ("BMO")
Facilities	**$5,900,000** Non-Revolving Term Loan Facility (the « BMO Term Loan ») Draw Options of: Demand Non-Revolving and/ or Fixed Rate Term Loan and/ or Equipment Finance Facility Draw **$2,000,000** Margined Operating Demand Loan (the « Operating Facility ») **$ 500,000** Treasury Risk Facility (the « Hedging Facility ») **$ 250,000** Corporate Master Card (the « Card Facility ») **$8,650,000** Total Proposed BMO Lending Facilities

Sources & Uses

Sources:	$000	Uses:	$000
Revolver Margined	$ 2,000	Working Capital	$ 2,500
BMO Term Loan	$ 5,900	Payout RBC	$ 5,900
Ownership Injection	$ 900	Pay CRA Arrears	$ 900
Total	$ 8,800	Total	$ 8,800

Purpose

- The BMO Term Loan is to be used to finance the repayment of current RBC financed debt in the Corporate Group
- The Operating Facility is to be used to finance the working capital cycle of the business
- The Hedging Facility is to be used to hedge foreign exchange risk.
- The Card Facilities are available for corporate card purchasing needs.

Tenor & Repayments

- All facilities are uncommitted.
- If BMO Term Loan Drawn as a Fixed Rate Term Loan, fixed rate terms available of up to a maximum of 60 months based on supported Real Estate asset valuation. Amortization is the lower of 180 month and combined average appraiser estimated remaining economic life of assets.
- If BMO Term Loan Drawn from Equipment Finance draw, amortization is determined at time of drawn and based on type of asset being financed
- Repayments of BMO Term Loan are monthly principal and Interest collected monthly over allowable amortization period.
- The Operating Facility is subject to monthly margining requirements and is a revolving facility.

Potential Credit Structure

Availability	▪ The Card Facilities are available through use of Diners Club/MasterCard cards issued by the Lender. ▪ All proposed facilities are available by way of a request to the lender upon successful collection of BMO proposed security. ▪ The BMO Term Loan is available via a single draw upon closing.
Drawdown Conditions:	▪ Subject to security being in place in a form satisfactory to the Bank and its approved Solicitors. ▪ Receipt of Certified copy of the executed lease agreements between the landlords and Borrower (as tenant) for the premises of the Borrower. ▪ Receipt of landlord's waiver for inventory held on leased premises. If applicable ▪ Loan Advances subject to covenant compliance pre-and-post funding based upon trailing 12 months EBITDA at the time of drawdown and on ongoing per fiscal year basis.
Applicable Interest Rates:	**Applicable to BMO Term Loan:** ▪ Demand Loan Non-Revolving Prime Rate plus 1.75%. Prime Interest rate as of Nov 8th, 2024, is equal to 5.95%. ▪ Fixed Rate Term Loan Fixed rate to be determined at time of booking. **Applicable to Operating Facility:** ▪ Advances subject to interest at Prime Rate plus 1.75%. Prime Interest rate as of Nov 8th, 2024, is equal to 5.95%.
Up-front Fees/ Facility Fees	▪ Arrangement fee of $40,000 payable on the Closing Date; payable to the lender. ▪ Annual Review fees are estimated at $7,500 annually payable to the lender. ▪ Operating Facility is subject to a monthly fee of $150 monthly

Potential Credit Structure

Financial Reporting	▪ Accountant Prepared Annual Reviewed Engagement and/or Compilation Financial statements of all co-borrowers. ▪ Accountant Prepared Consolidated Compilation Financial statement of Co-Borrowers known as Blue Ocean Group ▪ Monthly, Signed Borrowing Base providing inventory and accounts receivable balances at month end. ▪ Quarterly, Internally Prepared Income Statement and Balance sheet. ▪ Annually, Signed Personal Net Worth statement for Personal Guarantors.
Financial Covenants	▪ SFD / EBITDA ≤ 4.00 at close based on Trailing 12 months EBITDA, and SFD / EBITDA ≤ 3.75X at the end of first fiscal year stepping down to ≤ 3.50X each fiscal year thereafter. ▪ Fixed Coverage Charge Ratio (FCCR) ≥ 1.30 at close based on trailing fiscal year and each fiscal year thereafter. ▪ Financial Covenants calculated on a consolidated basis between Co-Borrowers.
Security	▪ First charge General Security Agreement (GSA) over all present and future acquired assets of the Co-Borrowers. ▪ Section 427 Security over all held inventory by the Co-Borrowers. ▪ Assignment, postponement, and subordination of any Shareholder injection or related company injection, if applicable. ▪ Registered Blanket All-Indebtedness Mortgage against all Real Estate owned within Blue Ocean Group. ▪ Registered specific security against any equipment financed by BMO. ▪ Personal Guarantee of an amount to be determined, signed by Company Directors. ▪ Signed BMO approved Letter of Agreement ▪ Solicitor Letter of opinion confirming valid and enforceable security. ▪ Any other security required to perfect the lenders security interest as may be required.
Key Diligence Items	<u>In-depth Review of the Following:</u> ▪ Updated ownership structure and shareholder agreements. ▪ Accountant prepared financial statements for fiscal year 2024, along with consolidated view for Blue Ocean Group. ▪ Current leased premises agreements between co-borrowers and landlord (if applicable). ▪ Asset valuations on Real Estate and/ or equipment held in Blue Ocean Group. ▪ Supplier and/ or buyer contracts that exist within Blue Ocean Group, if applicable. ▪ Personal Net Worth statement of Directors of Company, to demonstrate net worth support of personal guarantee. ▪ Analysis of at minimum 6 months of month end inventory, AR, AP information to assess working capital needs. ▪ Projections that include expected cash flow and Capital Expenditure planning. ▪ Biography of any key employees within the Blue Ocean Group.

Potential Credit Structure

Key Conditions Precedent	▪ Collection of stated Due Diligence items and any other items required to complete detailed bank due diligence ▪ Appraisal providing minimum asset value of $8.4 million or 70% advance rate in combination of real estate assets and equipment. ▪ Collection and detailed satisfactory review of accountant prepared fiscal year 2024 financial statements for the Blue Ocean Group. ▪ Satisfactory review of projected financial results, including income statement and balance sheet as well as capital expenditure plan over next 12 months. ▪ Satisfactory review of 6 months of Accounts Receivable, Accounts Payable & Inventory reporting to support stated operating line limit. ▪ Collection and satisfactory review of personal net worth of company directors to support expected personal guarantee. ▪ Ownership injection of $900,000 or enough to clear the CRA arrears payment. Any shareholder dilution or change to be analyzed from this injection. ▪ Completion of BMO internal due diligence including formal credit approval as well as AML/KYC verification; ▪ Completion of loan and security documentation
Key Non-Financial Covenants	• All main banking operations must be transferred to the Lender within 180 days of closing; • Restrictions on indebtedness, guarantees or other contingent obligations and granting security. • Any repayment of Subordinated Debt subject to banks approval and financial covenant compliance.

Definitions

Senior Funded Debt (SFD)	Total Funded Debt of the Co-Borrowers, less Subordinated Debt.
Total Funded Debt	All obligations of the Borrower and its subsidiaries which are considered to constitute debt in accordance with GAAP, including Funded Debt, interest-bearing liabilities, obligations secured by purchase-money security interests, capitalized interest, obligations under hedging agreements (solely to the extent such obligations have become due and payable), and the redemption price of any securities issued by the Companies which are redeemable at the option of the holder; but excluding accounts payable, short term non-interest bearing liabilities, future or deferred income taxes (both current and long-term) and Subrogated Debt.
EBITDA	Net income or net loss (as defined in the Borrower's consolidated financial statements prepared in accordance with GAAP or IFRS) before interest expense, income taxes, depreciation amortization and excluding extraordinary/unusual non-recurring items (such latter items to be agreed upon by the Lender for the respective period).
Fixed Coverage Charge Ratio (FCCR)	The ratio of (a) EBITDA minus (i) cash taxes, (ii) Unfunded Capital Expenditures, and (iii) cash distributions to shareholders, divided by (b) debt service (defined as interest paid and mandatory principal payments on total debt over the last 12-month period).
Canadian Overnight Repo Rate Average Loan (CORRA)	A Term CORRA loan, Adjusted Term CORRA loan, or Daily Compounded CORRA loan or Adjusted Daily compounded CORRA loan, as applicable.
Margined Operating Line Definition	The operating facility is subject to a monthly borrowing base calculation defined by the following: 50% of lower of the cost and realizable value of inventory; 75% Eligible Canadian Accounts Receivable; 60% Eligible Foreign Accounts Receivable & 90% of Eligible Insured Accounts Receivable.

Bank @ Work

BMO We're here to help.

BMO Bank@Work

An enhanced group benefit package designed for your employees

At no cost to the employer, BMO Canadian Commercial Banking Clients are signing up for BMO's Bank@Work benefit program to help reduce their day-to-day banking fees for employees while combating inflation and reducing stress.

Financial Wellness Advice and Education

Customized financial programs tailored to your employees' needs



The Most Convenient Way of Banking

Dedicated relationship manager to help with individual financial needs



Best-in-Class Financial Products

A full-featured suite of banking products and services

EDB and Credit Cards

- **No Fee** Chequing Account with $1500 monthly deposit worth $203.40 annually*
- Savings account with competitive rates
- Complimentary USD PRS account

GICs

- **Exclusive rates** on BMO mortgages
- **Preferred rates** for unsecured PLOC
- **Bonus interest** on 1 year GICs

Wealth Products

- **$6.95 flat-fee pricing on** IL Self-Directed
- **BMO employee rates** IL adviceDirect and Smartfolio

Additional Exclusive Product Offers Include

- Exclusive discounts on BMO fixed and variable rate mortgages and personal lines of credit
- Complimentary wellness advice and education
- OnGuard Identity Theft protection at no cost
- Add chequing accounts for family members at no additional fee

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All values in this document are in C$ unless otherwise specified

TAB UU

SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Companies Creditors Arrangement Act* R.S.C., 1985 c. C- 36 as Amended (the "**CCAA**")

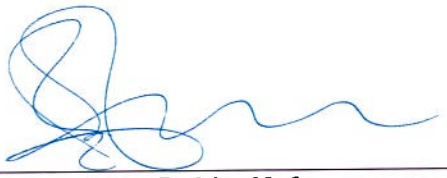
AND IN THE MATTER OF an application of Blue Lobster Capital Limited ("**Blue Lobster Capital**"), 3284906 Nova Scotia Limited ("**328NSL**"), 3343533 Nova Scotia Limited ("**334NSL**") and 4318682 Nova Scotia Limited ("**431NSL**"), (the "**Applicants**")

CONSENT

KSV RESTRUCTURING INC. hereby consents to act as the court-appointed monitor of the Applicants in connection with its proceedings pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 subject to approval of the Court and and pursuant to the terms of an order substantially in the form filed.

DATED this 26th day of November, 2024

KSV RESTRUCTURING INC.



Name: **Bobby Kofman**
Title: **President**