



**Supplement to the Second Report to Court of
KSV Restructuring Inc.
as Receiver and Manager of
Mahal Venture Capital Inc. and
Golden Miles Food Corporation**

November 19, 2021

Contents

Page

1.0	Introduction.....	1
1.1	Restrictions	1
2.0	Adjournment Request	1
3.0	Review of Santokh Security	3
4.0	Recommendations.....	4

Appendices

Appendix

Tab

Email to Service List on November 11, 2021	A
Letter from Blakes to Dickinson, dated November 17, 2021	B
November 18, 2021 Email.....	C
Promissory Note and General Security Agreement granted by Golden Miles to Santokh Mahal.....	D



COURT FILE NO. CV-21-00664778-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

SKYMARK FINANCE CORPORATION

APPLICANT

- AND -

MAHAL VENTURE CAPITAL INC. AND
GOLDEN MILES FOOD CORPORATION

RESPONDENTS

SUPPLEMENT TO THE SECOND REPORT OF
KSV RESTRUCTURING INC.
AS RECEIVER AND MANAGER

NOVEMBER 19, 2021

1.0 Introduction

1. This report (“Supplemental Report”) supplements the Receiver’s Second Report to Court dated November 15, 2021 (“Second Report”).
2. Unless otherwise stated, capitalized terms used in this report have the meanings provided to them in the Second Report.

1.1 Restrictions

1. This Supplemental Report is subject to the restrictions in the Second Report.

2.0 Adjourment Request

1. On November 11, 2021, the Receiver notified the service list in these proceedings by email that it would be seeking approval of the Sale Process on November 22, 2021. The Receiver’s motion record, including the Second Report, was served on November 15, 2021. A copy of the Receiver’s counsel’s email to the service list is attached as Appendix “A”.
2. On November 16, 2021, Dickinson Wright LLP (“Dickinson”), counsel to the Mahals, advised the Receiver that it intended to seek an adjourment of the Receiver’s motion to seek approval of a Sale Process pending determination of the validity, enforceability and priority of Santokh’s purported security interest in the Property (the “Santokh Security”).

3. On November 17, 2021, Blakes sent a letter (the “November 17 Letter”) to Dickinson advising, among other things, that it would not agree to the adjournment. A copy of the November 17 Letter is attached as Appendix “B”.
4. In the Receiver’s view, it is critically important that the Sale Process be commenced as soon as possible. The Receiver does not object to the Santokh Security being determined contemporaneously, subject to the Court’s availability. The reasons for the Receiver’s position are summarized in the November 17 Letter, and include:
 - a) the significant ongoing monthly costs of the receivership of approximately \$200,000;
 - b) time limited insurance coverage for the Property that expires on March 31, 2022;
 - c) the proposed Dickinson motion to adjudicate the validity, enforceability and priority of the Santokh Security is a priority issue that does not need to be determined until the Receiver seeks to make distributions of proceeds resulting from the Sale Process;
 - d) that there is no prejudice to Santokh if a Sale Process is approved because the Receiver is not currently recommending a transaction or distribution;
 - e) Santokh could have raised his claim related to the Property prior to issuance of the Receivership Order, which was granted on consent, or sought to have the Santokh Security adjudicated at any time in the over six weeks that the receivership proceedings have been ongoing; and
 - f) adjudicating the validity, enforceability and priority of the Santokh Security can be done contemporaneous with the Receiver running the Sale Process, without compromising the Sale Process.
5. On November 18, 2021, Dickinson responded to the November 17 Letter (“the November 18 Email”), reiterating that adjudicating the validity, enforceability and priority of the Santokh Security is a “threshold issue” that needs to be determined prior to the Sale Process being commenced, and that Dickinson was “in the process of preparing the material in support of a motion to determine the priority and amount of Santokh Mahal’s secured claim against the personal property of Golden Miles, and lift the stay to permit him to exercise his rights and remedies”. A copy of the November 18 Email is provided as Appendix “C”.
6. The Receiver fundamentally disagrees that adjudicating the issue of the Santokh Security is a threshold issue to commencing a Sale Process. The need to promptly commence the Sale Process is a material issue for every stakeholder of the Companies. Delaying the Sale Process will materially prejudice these stakeholders and commencing it in conjunction with the adjudication of the Santokh Security will not prejudice Santokh.

3.0 Review of Santokh Security

1. The Receiver is aware of the alleged Santokh Security but does not have support for it to be able to assess its validity, enforceability or priority. The only evidence that Santokh has provided to the Receiver of the Santokh Security is a grid promissory note dated December 14, 2020 (the "Promissory Note"), together with a general security agreement dated December 14, 2020 (the "GSA"). Copies of the GSA and Promissory Note are attached as Appendix "D".
2. The Promissory Note contains a schedule that reflects a total of \$24.1 million of advances made from March 2016 to October 2020. Dickinson has advised Blakes that there were additional advances made after October 2020 which would be secured under the Santokh Security, but the Receiver has not been provided with any information for these purported advances.
3. Repeated requests for Golden Miles books and records have been made, as outlined in detail in the First Report. The Mahals' failure to respond to these requests caused the Receiver to bring a motion in October 2021 to compel the Mahals to comply with the Receivership Order, in respect of which the Receiver was awarded costs against the Mahals.
4. As a result of the Mahals' minimal disclosure and cooperation, the Receiver contacted the Companies' banks to request that they provide account statements. The Receiver is presently unable to determine based on the bank statements who advanced funds and how they were used, which is necessary information to validate the Santokh Security.
5. Additionally, in order to properly review the Santokh Security, the Receiver will require, among other things, deposit and cheque information, evidence of advances made by Santokh to Golden Miles, evidence that any advances were made on account of debt and not equity, and details regarding the personal property of Golden Miles.
6. As discussed in the Second Report, the Receiver assigned the Companies into bankruptcy on November 15, 2021. The Trustee intends to review the Santokh Security to determine whether it is a fraudulent preference under Section 95 of the *Bankruptcy and Insolvency Act* (Canada); however, at this time, it does not have sufficient records to do so. The Trustee has requested disclosure of books and records from the Mahals, in their capacities as directors of the Companies, pursuant to their obligations under section 158 of the BIA. As of the date of this Report, the Mahals have not provided the requested disclosure but the November 18 Email indicates that such disclosure is in process.
7. Finally, the Receiver has been advised by counsel to Skymark that Skymark intends to file materials and make submissions regarding the validity, enforceability and priority of the Santokh Security.
8. The Receiver is prepared to agree to a reasonable and expedited timeline for the adjudication of the Santokh Security. This adjudication will take time. Santokh's motion materials have not been served, the evidence available to the Receiver is materially deficient, other stakeholders must be given an opportunity to make submissions, the Trustee's preference analysis will likely require examinations and cross-examinations, and the impending holidays will affect stakeholder and Court availability. None of this should interfere with the timing of the Sale Process.

4.0 Recommendations

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order approving the Sale Process and denying Santokh's request for an adjournment.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF
MAHAL VENTURE CAPITAL INC. AND GOLDEN MILES FOOD CORPORATION
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

Appendix “A”

From: Burr, Chris <chris.burr@blakes.com>

Sent: Thursday, November 11, 2021 11:25 AM

To: Harvey G. Chaiton <Harvey@chaitons.com>; Sanea Tanvir <STanvir@chaitons.com>; David P. Preger <DPreger@dickinson-wright.com>; Lisa S. Corne <LCorne@dickinson-wright.com>; David Z. Seifer <DSeifer@dickinson-wright.com>; Noah Goldstein <ngoldstein@ksvadvisory.com>; Mitch Vininsky <mvininsky@ksvadvisory.com>; Murtaza Tallat <mtallat@ksvadvisory.com>; Jorgensen, Maia <maia.jorgensen@blakes.com>; dtouesnard@waterousholden.com; Winterstein, Rob <rwinterstein@grllp.com>; diane.winters@justice.gc.ca; insolvency.unit@ontario.ca; s.mahal@rogers.com; jesse.mahal@gmail.com; Jaipargas, Roger <RJaipargas@blg.com>; Joshua Freeman <jfreeman@freemanlegal.ca>; Grant Moffat <GMoffat@tgf.ca>; Adam Driedger <ADriedger@tgf.ca>; Thompson, Nancy <nancy.thompson@blakes.com>

Cc: JErickson@osler.com; jkanji@osler.com; Kibben Jackson <kjackson@fasken.com>; Brent Lewis <blewis@fasken.com>

Subject: Mahal/Golden Miles - Notice of Sale Process Approval Hearing on November 22, 2021

Mahal Venture Capital Ltd. & Golden Miles Food Corporation Service List:

Please be advised that KSV Restructuring Inc. (the "**Receiver**"), in its capacity as Court-appointed Receiver of the assets, undertakings and properties of Mahal Venture Capital Inc. and Golden Miles Food Corporation owned or used in connection with the flour mill located on the property municipally known as 155 Adams Blvd., Brantford Ontario (the "**Property**") has booked 9:30-10:00 before Mr. Justice McEwen on **Monday, November 22**, at which time the Receiver will be seeking an order:

- (a) approving a sale process for the Property, to be commenced forthwith after the granting of an order approving same;
- (b) amending the order of Mr. Justice McEwen, dated October 1, 2021 (the "**Appointment Order**"), to:
 - i. increase the cap on the amount that the Receiver can borrow from \$500,000 to \$2,000,000, as set out in paragraph 21 of the Appointment Order;
 - ii. authorize the Receiver to pay reasonable interest and fees in connection with borrowed funds secured by the Receiver's Borrowings Charge;
 - iii. elevate the priority of the Receiver's Charge and the Receiver's Borrowings Charge (each as defined in the Appointment Order) above that of the three secured creditors in respect of which such charges do not presently have priority (Bodkin, a Division of Bennington Financial Corp, the Bank of Nova Scotia and Caterpillar Financial Services Limited);
- (c) approving the First Report of the Receiver, dated October 20, 2021, the Second Report of the Receiver (to be served and filed), and the activities set out therein; and
- (d) granting such other and additional relief as the Receiver may see fit to seek.

The Receiver's Motion Record, including its Second Report to Court, will be served early next week.

If you intend to attend the Receiver's motion on November 22, kindly confirm same by return email and we will provide you with the Zoom coordinates. Zoom coordinates will also be included in the Receiver's Motion Record.

Regards,
Chris Burr

Appendix “B”



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

Chris Burr

Partner

Dir: 416-863-3261

chris.burr@blakes.com

November 17, 2021

VIA E-MAIL

Reference: 00025198/000002

Lisa Corne
Dickinson Wright LLP
199 Bay Street, Suite 2200
Commerce Court West
Toronto, ON M5L 1G4

Re: Mahal Venture Capital & Golden Miles Food Receivership & Bankruptcy
Adjournment of Sale Process Approval, Scope of Insurance Coverage and Bankruptcy

Ms. Corne:

This letter is being sent in response to your email of November 16, 2021 at 6:56pm, and our telephone conversations in respect of same. This letter also augments the Second Report of the Receiver, dated November 15, 2021 (the "**Second Report**"), and the motion brought by KSV Restructuring Inc., in its capacity as receiver and manager (the "**Receiver**") of certain assets and properties of Golden Miles Food Corporation ("**Golden Miles**") and Mahal Venture Capital Inc. ("**Mahal VC**", together with Golden Miles, the "**Companies**") to approve a process for the marketing and sale of the property over which the Receiver has been appointed (the "**Sale Process**").

This letter is being sent on a "with prejudice" basis and will be included in a supplement to the Second Report, to be filed with the Court in advance of the Receiver's motion for approval of the Sale Process.

Your November 16 email advised as follows, which we understand to represent the positions of your clients, Santokh Mahal ("**Santokh**") and Jesse Mahal ("**Jesse**", together with Santokh, the "**Mahals**"):

1. The Mahals request that the Receiver extend the existing insurance in place in respect of the Companies to cover inventory and business interruption;
2. The Mahals will be seeking an adjournment of the motion to approve the Sale Process, currently booked for November 22, 2021, pending a determination by the Court of the validity, enforceability and priority of certain security granted by Golden Miles to Santokh (the "**Mahal Security**"); and
3. The Mahals are seeking confirmation from KSV Restructuring Inc., in its capacity as Licensed Insolvency Trustee of the Companies (in such capacity, the "**Trustee**"), that the Trustee will not take any steps in respect of the personal property of Golden Miles without first consulting with you.

13105285.1



This letter will address the adjournment first, followed by the insurance issue, and conclude with the bankruptcy issues. Capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Second Report.

Adjournment

The Receiver will not agree to adjourn its motion seeking the approval of the Sale Process to enable the issue of the validity and enforceability of the Mahal Security to be determined by the Court. In the Receiver's view, it is critically important that the Sale Process be commenced as soon as possible. The Receiver will agree to a reasonable timeline for the determination of the Mahal Security, provided that such timeline will permit any stakeholders who wish to make submissions an opportunity to do so.

It is critical that the Sale Process be commenced next week so that a transaction can be completed early next year and recoveries can be maximized. Delaying the Sale Process will cost time and money which will erode recoveries, at the expense of the Companies' creditors, and it is manifestly unfair and prejudicial to the Companies' stakeholders for the process to be held up while the related-party issue of the Mahal Security is adjudicated.

The reasons for the Receiver's position on this matter are numerous, and include:

1. **Significant Carrying Costs**: The monthly carrying costs of the Receivership Proceedings are in excess of \$200,000, including insurance premiums, security for the Flour Mill, property taxes, borrowing costs, utilities and professional costs. As set out in the Second Report, the Companies had negligible cash balances at the commencement of the proceeding and accordingly the Receiver is required to borrow to fund these costs. Extending the Sale Process will materially increase the costs of this proceeding, and the borrowings required to fund these costs are secured in priority to all other claims in the proceedings – any delay in the Sale Process will reduce distributions to the Companies' creditors.
2. **Time-Limited Insurance Coverage**: The existing insurance policy described in Section 5 of the Second Report expires on March 31, 2022. This expiry date was heavily negotiated by the Receiver, and the insurers' preference was that it expire on January 31, 2022. The insurers have not committed to extend coverage for the Flour Mill after March 31, 2022. If coverage is extended, there is a possibility that the premium will increase. Delaying the commencement of the Sale Process will give rise to a real risk that the Property will become uninsured before a sale can be completed, and it will guarantee that additional costs are incurred on insurance premiums that could otherwise be avoided by a prompt sale.
3. **The Mahal Security Issue is a Priority Issue**: The issue of the Mahal Security is primarily a priority issue. If Santokh has a particular priority to any of the Property pursuant to the Mahal Security, then upon the final determination of that priority, Santokh will be entitled to proceeds of sale in accordance with whatever priority and allocation is ultimately determined. Even if Santokh has first priority to some or all of the Property (which he does not, because at a minimum the Receiver's Charge and Receiver's Borrowings Charge have Court-ordered priority

13105285.1



over the Mahal Security), that does not entitle him to selectively remove Property from the scope of the Receivership Proceedings.

Putting aside for the moment the question of what Property Santokh would purport to take, and how it would be valued for the purposes of satisfying any priority claim he might have, any attempt by Santokh to remove Property from the receivership proceedings on the basis of a first priority right of the Mahal Security (which first priority Santokh does not have) would be functionally equivalent to a foreclosure under section 65 of the *Personal Property Security Act* (the “PPSA”). A foreclosure is neither fair nor appropriate in the circumstances, and could be prevented by the mere filing of an objection by any party entitled to notice under section 63(4) of the PPSA. Such an objection would require the sale of the Property. Accordingly, the Property ought to be sold by the Receiver pursuant to the Sale Process, and distributions of proceeds made in accordance with applicable priorities.

4. The Receiver Already Has the Right to Market the Property: The Receivership Order issued on October 1, 2021 was made pursuant to the terms of the Minutes of Settlement, on the consent of the Companies. As you know, the Mahals were represented at the hearing when the Receivership Order was made. The scope of the Receivership Order is clear and encompasses all of the property owned by the Companies related to the Flour Mill, defined in the Receivership Order as “Property”. There is no question that the Receiver has been appointed over the Property, and no question that the Appointment Order authorizes the Receiver to market and sell the Property (subject to Court approval in certain cases). We therefore do not understand that there is any dispute that any Property alleged to be secured by the Mahal Security is subject to the receivership, and eligible for sale by the Receiver.

The Sale Process is merely the formalization of the Receiver’s existing powers to sell the Property. The Sale Process approval order sought by the Receiver on November 22, 2021 is not *creating* a right for the Receiver to sell the Property, it is providing procedural order, transparency and predictability to that right to sell the Property. This is all in the best interests of the Companies’ creditors generally. There is no reason to delay the commencement of the Sale Process and the Receiver already has the authority to market and negotiate for the sale of the Property.

5. No Prejudice to the Mahals: The Sale Process is only a process. No sale is being recommended or approved, no distribution is being proposed, and no steps will be taken in furtherance of any final disposition of any of the Property without further order of the Court. The validity and enforceability of the Mahal Security can be determined contemporaneously with the conduct of the Sale Process, and be resolved before any transaction resulting from the Sale Process is brought forward for Court approval. Accordingly, commencing the Sale Process now does not prejudice Santokh’s claims under the Mahal Security.
6. Unfair Delay: Nothing about the Mahal Security is new. The Mahal Security was allegedly granted by Golden Mile in December 2020 to secure approximately \$24.1 million of pre-existing alleged indebtedness, and no evidence of advances made before or after the granting of the Mahal Security has been provided to the Receiver (in spite of numerous requests for financial



information, and a motion by the Receiver for compliance with the Receivership Order). In the absence of books and records, the Receiver could not independently assess the Mahal Security, and we have only been informed yesterday that Santokh will be asserting that the Mahal Security secures post-December 2020 advances.

The issue of the Mahal Security could have been raised with the Court at the appointment hearing on October 1, 2021, but it was not. It could have been raised with the Receiver at any point between its appointment on October 1, 2021 and your email yesterday, but it was not. It could also have been raised in the context of the Minutes of Settlement and the determination of Skymark's indebtedness, but it was not. That it was only raised following the Receiver's service of its motion for approval of the Sale Process, and in that context only raised as a justification for delaying the commencement of the Sale Process, is unfair and prejudicial to the Companies' stakeholders who stand to benefit from an expedited, efficient Sale Process.

7. The Mahal Security Dispute Will Not Chill the Sale Process: In the Receiver's view, running the Sale Process in conjunction with adjudicating the issue of the Mahal Security will not be prejudicial or detrimental to the Sale Process. As stated above, the Mahal Security issue is primarily a priority issue related to proceeds of sale (which will be irrelevant to a potential purchaser).

In the event that Santokh seeks an order for the removal of certain equipment or other personal property, participants in the Sale Process will be notified as such (and the Receiver's views on the legitimacy of such a claim for the delivery of Property are summarized in Point 3, above). Should such a property claim be made, it is not unusual for certain assets to be subject to adverse claims in a sale process, and the Receiver is confident that the types of parties who may be interested in bidding are sufficiently sophisticated and knowledgeable of the milling industry that their diligence will take into account the dispute over the Mahal Security.

Accordingly, the Receiver will oppose any request to adjourn the motion to approve the Sale Process, and intends to proceed with same on November 22, 2021, as scheduled. The Receiver remains willing to agree to any reasonable timetable to resolve the issues of the Mahal Security on an expedited basis.

Insurance

The Mahal's request that the existing insurance coverage be extended to cover inventory and business interruption unrelated to the Flour Mill is denied by the Receiver. The request has been made too late, the Receiver does not have the necessary information to cause the policy to be extended, and in any event, the issue has been rendered moot by the bankruptcies of Golden Miles and Mahal VC.

On October 13, 2021, I advised by email that in order to manage the cost of premiums, inventory and business interruption coverage would be terminated unless the Mahals agreed to pay the portion of the premium in respect of such coverage. Because the Flour Mill is not operational, the Receiver has no use for inventory or business interruption coverage. This October 13, 2021 email indicated that if we did not get confirmation by October 15, 2021, we would assume that the coverage was not required by the Mahals and would proceed to inform the insurers. We did not receive a response before the

13105285.1



October 15, 2021 deadline. On October 25, 2021, we received an email from Jennifer Samuels, sent on your behalf, asking the Receiver to “please provide confirmation of the insurance place by the Receiver on the property”. This email did not indicate that inventory or business interruption coverage was required by the Mahals, nor confirm that the Mahals would pay the incremental increase in premium. In response to this email, also sent on October 25, 2021, I advised that the Receiver had made a request to the insurance broker that coverage exclude inventory and business interruption, and that we had not yet received a response from the broker. Jesse and Santokh were copied on this October 25 email. No response or acknowledgment to this email was received.

On November 1, 2021, I replied-all to my own October 25, 2021 email, requesting an update on certain other matters discussed in that email (including a protocol for dealing with data recovered from the Mahal’s devices). No response was received. On November 8, 2021, Mitch Vininsky of KSV replied-all to my November 1, 2021 email asking for a response. You replied in respect of certain outstanding issues, but insurance was not addressed. On November 12, 2021, I sent you an email attaching certain requested information (unrelated to insurance) and confirmed that the Receiver had secured the insurance policy, without inventory or business interruption coverage. It was not until November 15, 2021 that you indicated on a call to me that the Mahals wanted inventory and business interruption coverage to be maintained.

The Receiver has been working with the insurance broker and the insurers for well over a month, in an urgent attempt to secure coverage for the Property. Your clients were given multiple and ample opportunity to advise that they wished inventory and business interruption coverage to be maintained. For over a month, we received no response. It is now too late. Moreover, the Receiver has been provided with no details whatsoever on what inventory would be covered, or what business interruption would be insured against. In order to extend coverage, the insurer would require details on the type of assets, their value, their location, the security measures in place in respect of the assets, projected sales, etc. The Receiver has been provided with none of this information, and therefore could not extend coverage even if it was not too late.

In any event, the bankruptcies of Golden Miles and Mahal VC on Monday this week makes the issue moot – the Mahals cannot conduct any business in the names of either Golden Mile or Mahal VC, and accordingly the issue of insurance coverage for those companies is an issue for the Trustee.

Bankruptcy

I hereby confirm on behalf of the Trustee that the Trustee will not take any steps with respect to the personal property of Golden Miles without notice to you, pending the determination of the validity and enforceability of the Mahal Security.

A number of additional issues remain outstanding regarding the bankruptcies of the Companies.

Further to Mr. Goldstein’s email to the Mahals yesterday, which included the attached Notices to Officer of Bankrupt Corporation of Duties (the “**Notices**”) to be signed and returned by Jesse and Santokh, the Trustee requires that Jesse and Santokh provide the Trustee with details about the assets and business operations of Golden Miles and Mahal VC in order that the Trustee can undertake its

13105285.1



duties and obligations under the BIA. The Trustee considers Santokh and Jesse to be persons described by section 159 of the BIA with respect to Golden Miles and Mahal VC, respectively. The Mahals did not respond to Mr. Goldstein's email, and so the requests will be reiterated in further detail here.

The disclosure required by the Receiver in respect of the Companies has not been complete to date. Accordingly, information about the Companies required by the Trustee is outstanding, and the Trustee assumes that there is also information about the businesses of Golden Miles and Mahal VC that were not related to the Flour Mill, including the cookie business, that has not been requested by the Receiver. In that regard, pursuant to its powers under section 164 of the BIA and pursuant to the Mahal's obligations under section 158 of the BIA, the Trustee requires that the Mahals:

- (a) advise of and deliver any assets of the Companies not located at the Flour Mill;
- (b) advise of any bank accounts that have not been previously disclosed to the Receiver;
- (c) advise of all accounts receivables owing to either of the Companies and provide copies of all outstanding invoices;
- (d) disclose any payments made by the Companies to the Mahals or any other "related persons" (as defined in the BIA), including any dividends or redemption of shares;
- (e) to the extent not included in the foregoing, advise the Trustee of:
 - (i) particulars of the bankrupt's assets and liabilities;
 - (ii) the names and addresses of the bankrupt's creditors and any security held by them; and
- (f) advise of any other property or business interests of the Companies.

The Trustee reserves its rights under section 163 of the BIA in respect of examinations of Santokh and/or Jesse, in their capacities as directors of Golden Miles and Mahal VC, respectively.

The first meetings of creditors for the Companies have been scheduled for December 6, 2021, at 10am (for Mahal VC) and 10:30am (for Golden Miles). The first meetings will be held virtually, via Zoom. Pursuant to Section 158(h) of the BIA, Santokh and Jesse are required to attend the first meeting unless prevented by sickness or other sufficient cause. Please confirm that Santokh and Jesse will attend the meetings on December 6, and we will provide Zoom details.

The Trustee requires a response to the foregoing inquiries and requests for confirmation by **6:00 pm (Toronto Time) on Thursday, November 18, 2021**. As substantially the same requests have been outstanding from the Receiver for well over a month, we trust that this will provide the Mahals sufficient time to provide anything that has not yet been disclosed.

Finally, as stated above, the Trustee hereby advises the Mahals that as a result of the bankruptcies, all assets of the Companies vest in the Trustee (subject to the rights of secured creditors), and the Mahals are hereby directed to cease conducting any business in the names of the Companies or dealing with any assets of the Companies effective as of November 15, 2021.

Blakes

* * * * *

We look forward to your response.

Regards,



Chris Burr

Cc: N. Goldstein, KSV

Appendix “C”

From: Lisa S. Corne <LCorne@dickinson-wright.com>
Sent: November 18, 2021 4:58 PM
To: Burr, Chris <chris.burr@blakes.com>
Cc: Noah Goldstein <ngoldstein@ksvadvisory.com>; Mitch Vininsky <mvininsky@ksvadvisory.com>; David P. Preger <DPreger@dickinson-wright.com>; David Z. Seifer <DSeifer@dickinson-wright.com>; Jesse Mahal <jesse.mahal@gmail.com>; s.mahal@rogers.com
Subject: Mahal Venture Capital and Golden Miles Food

Dear Chris,
I am in receipt of you letter sent yesterday at 6 p, m.

I have forwarded the letter to our clients and they are in the process of gathering the information to respond to your request for further disclosure regarding the assets of the now bankrupt entities, including all assets unrelated to the flour mill.

The deadline of 6 p.m. today for delivery of that information which you have imposed is not reasonable. Our clients will use their best efforts to provide what is available by the end of day tomorrow, and will provide any further disclosure required on Monday, November 22.

We are in the process of preparing the material in support of a motion to determine the priority and amount of Santosh Mahal's secured claim against the personal property of Golden Miles, and lift the stay to permit him to exercise his rights and remedies. We will be asking the court to provide a date for the hearing of that motion as soon as possible.

These are threshold issues which impact the process for any sale of the personal property of Golden Miles and need to be addressed in advance of determining the appropriate sale process.

Best regards,
Lisa

Lisa S. Corne Partner

199 Bay Street
Suite 2200
Commerce Court West
Toronto ON M5L 1G4
Phone 416-646-4608
Fax 844-670-6009
Email LCorne@dickinsonwright.com

[Profile](#) [V-Card](#)

DICKINSON WRIGHT LLP

ARIZONA CALIFORNIA FLORIDA ILLINOIS KENTUCKY MICHIGAN NEVADA
OHIO TENNESSEE TEXAS WASHINGTON D.C. TORONTO

Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential and may be privileged. If you are not the intended recipient you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message and any attachments is strictly prohibited. If you are not the intended recipient please notify the sender immediately by return e-mail and delete this message and any attachments from your system.

Information confidentielle : Le présent message, ainsi que tout fichier qui y est joint, est envoyé à l'intention exclusive de son ou de ses destinataires; il est de nature confidentielle et peut constituer une information privilégiée. Nous avertissons toute personne autre que le destinataire prévu que l'examen, la retransmission, l'impression, la copie, la distribution ou toute autre utilisation de ce message et de tout fichier qui y est joint est strictement interdit. Si vous n'êtes pas le destinataire prévu, veuillez en aviser immédiatement l'expéditeur par retour de courriel et supprimer ce message et tout document joint de votre système.

Appendix “D”

PROMISSORY NOTE

FOR VALUE RECEIVED, GOLDEN MILES FOOD CORPORATION (the “**Borrower**”) promises to pay on demand to or to the order of SANTOKH SINGH MAHAL (the “**Lender**”), the principal amount as may be advanced and outstanding from time to time, between the Borrower and the Lender, as shown on the schedule annexed hereto or any continuation schedule which may at any time be attached hereto.

THIS PROMISSORY NOTE is issued to evidence the principal amounts advanced, any repayments on account thereof and the unpaid balance of the principal amount outstanding from time to time. The Lender is hereby authorized to endorse on the schedule annexed hereto, or any continuation schedule which may at any time be attached hereto, the date and amount of each advance, and each payment of principal on account thereof, together with the unpaid balance of the principal amount outstanding owing by the Borrower to the Lender. Each such endorsement shall be prima facie evidence of the amounts so advanced and repaid and, in the absence of manifest mathematical error, this promissory note shall be conclusive evidence of the amount of the Borrower’s liability to the Lender for the unpaid balance of the principal amount outstanding owing by the Borrower to the Lender.

THE BORROWER shall pay interest on the amount the principal outstanding from time to time at the rate as is agreed between the Borrower and the Lender until payment in full.

IN THE EVENT of the non-payment when due, whether by acceleration or otherwise, of all or any part of the principal, or in the event of the bankruptcy or insolvency of the Borrower, or the institution by or against the Borrower of any other type of insolvency proceeding under the *Bankruptcy and Insolvency Act* or otherwise, the entire unpaid balance of the principal and accrued interest shall, at the option of the Lender, become immediately due and payable.

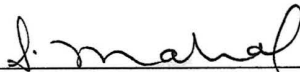
THE BORROWER shall have the privilege of repaying the whole or any part of the principal sum at any time or from time to time without notice, bonus, premium or penalty.

THE BORROWER hereby waives presentment, notice of dishonour, protest and notice of protest.

THIS PROMISSORY NOTE shall be governed and construed by the laws of the Province of Ontario and the laws of Canada applicable therein.

DATED at Windsor, Ontario this 14 day of December, 2020.

GOLDEN MILES FOOD CORPORATION

Per: 
Santokh Singh Mahal, President
I have the authority to bind the corporation.

SCHEDULE OF ADVANCES AND REDUCTIONS OF PRINCIPAL

Date	Amount of Principal Advanced	Amount of Reduction	Unpaid Principal Balance	Endorsement Made by
3/18/2016	\$4,103,385.47		\$4,103,385.47	SM
11/30/2016	\$643,836.19		\$4,747,221.66	SM
1/9/2017	\$526,923.83		\$5,274,145.49	SM
2/27/2017	\$932,522.78		\$6,206,668.27	SM
3/15/2017	\$1,748,309.21		\$7,954,977.48	SM
4/26/2017	\$1,083,482.63		\$9,038,460.11	SM
7/31/2017	\$3,488,218.44		\$12,526,678.55	SM
8/16/2017	\$1,055,664.77		\$13,582,343.32	SM
1/25/2018	\$197,604.81		\$13,779,948.13	SM
2/23/2018	\$37,326.57		\$13,817,274.70	SM
2/23/2018	\$62,937.44		\$13,880,212.14	SM
9/17/2018	\$933,801.50		\$14,814,013.64	SM
10/1/2018	\$286,382.25		\$15,100,395.89	SM
10/4/2018	\$4,459.90		\$15,104,855.79	SM
10/15/2018	\$7,332,066.36		\$22,436,922.15	SM
10/20/2018	\$34,862.76		\$22,471,784.91	SM
11/5/2018	\$110,175.00		\$22,581,959.91	SM
12/10/2018	\$113,148.24		\$22,695,108.15	SM
6/14/2019	\$8,728.12		\$22,703,836.27	SM
6/1/2020	\$324,440.20		\$23,028,276.47	SM
10/30/2020	\$1,073,500.00		\$24,101,776.47	SM

GENERAL SECURITY AGREEMENT

ARTICLE ONE SECURITY

1.1 For valuable consideration and as a general and continuing security for the payment of all obligations, indebtedness and liabilities, direct or indirect, at any time owing by GOLDEN MILES FOOD CORPORATION (the "**Debtor**") to SANTOKH SINGH MAHAL (the "**Secured Party**"), or remaining unpaid by the Debtor to the Secured Party incurred prior to, at the time of or subsequent to the execution hereof, including extensions and renewals, direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred, as principal, surety or guarantor, and any unpaid balance thereof, whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, including advances to the Debtor from time to time, together with all interest, cost of realization, legal and other costs (all of the foregoing being herein called the "**Indebtedness**") the Debtor hereby grants to the Secured Party a general and continuing security interest (the "**Security Interest**") in the undertaking of the Debtor and 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 and Securities now owned or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called the "**Collateral**"), including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of the Debtor:

- (a) all equipment (other than Inventory) of whatever kind and wherever situate, together with, without limitation, all fixed assets, machines, machinery, equipment, fixtures, furnishings, vehicles and tools, including all parts, accessories, attachments, special tools, additions and accessions thereto, including but not limited to the equipment described in Schedule "A" attached hereto, and in all proceeds renewals thereof, accretions thereto and substitutions therefor, and any proceeds of insurance received in respect thereof ("**Equipment**");
- (b) all goods and chattels now or hereafter forming inventory of whatever kind and wherever situate ("**Inventory**");
- (c) all accounts and debts and generally all accounts, 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 the Debtors ("**Debts**");
- (d) 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;
- (e) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property; and
- (f) all monies other than trust monies lawfully belonging to others.

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

SM

1.3 The terms "Goods", "Chattel Paper", "Documents of Title", "Equipment", "Consumer Goods", "Instruments", "Intangibles", "Securities", "Proceeds", "Inventory", and "Accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the *Personal Property Security Act* (Ontario), 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 "PPSA". Provided always that the term "Goods" when used herein shall not include "consumer goods" of the Debtor as that term is defined in the PPSA, and 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. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to the "Collateral or any part thereof." The term "Proceeds" whenever used herein and interpreted as above shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected or otherwise disposed of.

ARTICLE TWO **INDEBTEDNESS SECURED**

2.1 The Security Interest granted hereby shall be a general and continuing collateral security to the Secured Party for 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 the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Secured Party shall be entitled to pursue full payment thereof.

ARTICLE THREE **REPRESENTATIONS AND WARRANTIES OF THE DEBTOR**

3.1 The Debtor hereby represents and warrants, and so long as this general security agreement remains in effect shall be deemed to continuously represent and warrant, to the Secured Party that:

- (a) except for the security interest created hereby, and the other security interests granted by the Debtor as described in Schedule "A" as permitted encumbrances, the Debtor is, or with respect to the Collateral acquired after the date hereof will be, the sole beneficial owner of the Collateral, free and clear of any mortgage, lien, pledge, charge, security interest, hypothec, adverse interest, encumbrance, tax or assessment;
- (b) the Debtor has, or with respect to the Collateral acquired after the date hereof will have, the right to grant a security interest in the Collateral in favour of the Secured Party;
- (c) the business operations and records are located at the location set forth in Schedule "A" attached hereto and are accurate and complete and the Collateral insofar as it consists of Goods (other than inventory in transit from suppliers or in transit to customers or on lease or consignment) and other tangible property will be kept at such location or at such other locations as the Debtor shall specify in writing to the Secured Party and, subject to the provisions of this general security agreement, none of the Collateral shall be moved therefrom without the prior written consent of the Secured Party;
- (d) none of the Collateral consists of consumer goods; and

- (e) this general security agreement when duly executed and delivered by the Debtor will be a legal, valid and binding obligation of the Debtor, enforceable against it in accordance with its terms.

ARTICLE FOUR
COVENANTS OF THE DEBTOR

4.1 So long as this security agreement remains in effect, the Debtor covenants and agrees:

- (a) not to sell, exchange, transfer, assign, lease, or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party, provided always that, until default, the Debtor may, in the ordinary course of the Debtor's business, sell or lease inventory and use monies available to the Debtor;
- (b) to keep the Collateral in good order, condition and repair and not to use the Collateral in violation of the provisions of this security agreement or any other agreement relating to the Collateral or any policy, insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (c) 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 the Debtor or the Collateral as and when the same become due and payable;
- (d) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Party shall reasonably direct with loss payable to the Secured Party, as insureds, as their respective interests may appear, and to pay all premiums therefor;
- (e) to carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral, and mark any and all such records and the Collateral at the Secured Party's request so as to indicate the Security Interest; and
- (f) to deliver to the Secured Party from time to time promptly upon request:
- (i) any Documents of Title, Instrument, Securities and Chattel Paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same; and
 - (iii) all policies and certificates of insurance relating to the Collateral.

ARTICLE FIVE
USE AND VERIFICATION OF COLLATERAL

SM

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

ARTICLE SIX
DISPOSITION OF MONIES

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

ARTICLE SEVEN
EVENTS OF DEFAULT

7.1 Obligations not payable on demand shall become immediately payable upon the occurrence of one or more of the following events of default:

- (a) the Debtor fails to pay when due any of the Obligations, or to perform or rectify a breach of any of the representations or warranties or covenants of this Agreement;
- (b) the failure of the Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this security agreement;
- (c) the bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by the Debtor; the appointment of a receiver or trustee for the Debtor or for any assets of the Debtor; or the institution by or against the Debtor of any other type of insolvency proceeding under the *Bankruptcy and Insolvency Act* or otherwise;
- (d) if any execution, sequestration, extent or any other process of any court shall become enforceable against the Debtor or any distress or analogous process shall be levied upon the Collateral or any part thereof;
- (e) if any encumbrance affecting the Collateral becomes enforceable against the Collateral;
- (f) if the 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; or

SM

- (g) the Secured Party shall have commercially reasonable grounds to believe that the prospect of payment of the Indebtedness or performance of the obligations under this general security agreement or under any other agreement between the Debtor and the Secured Party are about to be impaired or that the Collateral is about to be in danger of being lost, damaged, confiscated or placed in jeopardy.

The provisions of this clause are not intended in any way to affect any rights of the Secured Party with respect to any Indebtedness which may now or hereafter be payable on demand.

ARTICLE EIGHT ACCELERATION

8.1 The Secured Party, 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 the Secured Party considers or deems itself insecure. The provisions of this clause are not intended in any way to affect any rights of the Secured Party with respect to any Indebtedness which may now or hereafter be payable on demand.

ARTICLE NINE REMEDIES

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

9.2 Upon default, the Secured Party may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver by virtue of the foregoing sub-clause.

9.3 The Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default,

SM

the Secured Party may sell, lease or otherwise dispose of the Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Secured Party may seem reasonable.

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

9.5 The Debtor acknowledges that the Secured Party or any Receiver appointed by it may take possession of the Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from the Secured Party or any such Receiver to assemble and deliver possession of the Collateral at such place or places as directed.

9.6 The Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Secured Party or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitor's and auditor's costs and other legal expenses and Receiver remuneration), in operating the Debtor's accounts, in preparing or enforcing this security agreement, taking custody of, preserving, repairing, processing, preparing for disposition and disposing of the Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any monies owing as a result of any borrowing by the Secured Party or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of the Collateral and shall be secured hereby.

9.7 In the event of the sale of the repossessed the Collateral or any part of it by public or private sale or otherwise, for the account of the Debtor, gives rise to a deficiency between the amount realized from such sale and the full amount owing from the Debtor to the Secured Party in respect of all liabilities and obligations to the Secured Party, the Debtor shall immediately pay the Secured Party the full amount of such deficiency.

9.8 Unless the Collateral in question is perishable or unless the Secured Party believes on reasonable grounds that the Collateral in question will decline speedily in value, the Secured Party will give the Debtor such notice of the date, time and place of any public sale or of the date after which any private disposition of the Collateral is to be made, as may be required by the PPSA.

ARTICLE TEN

GENERAL ASSIGNMENT OF BOOK DEBTS

10.1 The Debtor, for good and valuable consideration assigns, transfers, and sets over unto the Secured Creditor all debts, accounts, choses in action, claims, demands, and moneys now due or owing or accruing due or which may hereafter become due or owing to the Debtor, including (without limiting the foregoing) claims against the Crown in the right of Canada or of any province, moneys which may become payable under any policy of insurance in respect of any loss by fire or other cause which has been or may be incurred by the Debtor (collectively called "**Book Debts**"), together with all contracts, securities, bills, notes, lien notes, judgments, chattel mortgages, mortgages and all other rights, benefits and documents now or hereafter

taken, vested in or held by the Debtor in respect of or as security for the Book Debts hereby assigned or intended so to be or any part thereof and the full benefit and advantage thereof, and all rights of action, claim or demand which the Debtor now has or may at any time hereafter have against any person or persons, firm or corporation in respect thereof. The Debtor further hereby covenants, promises, and agrees to and with the Secured Creditor to well and truly execute or cause to be executed all or any such further or other document or documents as shall or may be required by the Secured Creditor to more completely or fully vest in the Secured Creditor the Book Debts hereby assigned or intended so to be and the right to receive the said moneys or to enable Secured Creditor to recover same and will from time to time prepare and deliver to the Secured Creditor all deeds, books, vouchers, promissory notes, bills of exchange, accounts, letters, invoices, papers, and all other documents in any way relating to the Book Debts. Provided that this assignment is and shall be a continuing collateral security to the Secured Creditor for the Obligations. All money or any other form of payment received by the Debtors in payment of any Book Debts shall be received and held by the Debtor in trust for the Secured Creditor.

ARTICLE ELEVEN **MISCELLANEOUS**

11.1 The Debtor hereby authorizes the Secured Party to file such financing statements and other documents and do such acts, matters and things as the Secured Party may deem appropriate to perfect and continue the Security Interest, to protect and preserve the Collateral and to realize upon the Security Interest and the Debtor hereby irrevocably constitutes and appoints the person designated from time to time by the Secured Party the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient.

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

11.3 The Secured Party 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 the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party may see fit without prejudice to the liabilities of the Debtor or the Secured Party's right to hold and realize the Security Interest. Furthermore, the Secured Party may demand, collect and sue on the Collateral in either the Debtor's or the Secured Party's name, at the Secured Party's option, and may endorse the Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting the Collateral.

11.4 No delay or omission by the Secured Party 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, the Secured Party may remedy any default by the 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 the Debtor. All rights and remedies of the Secured Party granted or

SM

recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

11.5 The Debtor waives protest of any Instrument constituting the Collateral at any time held by the Secured Party on which the Debtor is in any way liable and notice of any other action taken by the Secured Party.

11.6 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. The Debtor shall not assert against the assignee any claim of defence which the Debtor now has or hereafter may have against the Secured Party.

11.7 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.

11.8 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 only if delivered to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant thereto or if sent by prepaid registered mail addressed to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant hereto. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

11.9 The headings used in this security agreement are for convenience only and are not to be considered a part of this security agreement and do not in any way limit or amplify the terms and provisions of this security agreement.

11.10 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 dependant upon the person referred to being a male, female, firm or corporation.

11.11 In the event any provision 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.

11.12 Nothing herein contained shall in any way obligate the Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

11.13 The Security Interest created hereby is intended to attach when this security agreement is signed by the Debtor and delivered to the Secured Party.

11.14 This security agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the PPSA.

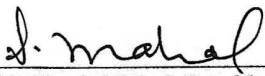
SM

ARTICLE TWELVE
COPY OF AGREEMENT

12.1 The Debtor hereby acknowledges receipt of a copy of this security agreement.

IN WITNESS WHEREOF the Debtor has executed this security agreement this 14 day of December, 2020.

GOLDEN MILES FOOD CORPORATION

Per: 
Santokh Singh Mahal, President
I have the authority to bind the corporation.

SCHEDULE "A"

LIST OF EQUIPMENT:
(attach schedule if necessary)

PERMITTED ENCUMBRANCES:

LOCATION OF COLLATERAL:

ACKNOWLEDGEMENT

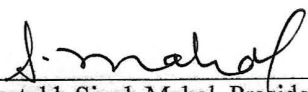
TO: Santokh Singh Mahal (the "Secured Party")
AND TO: Kirwin Partners LLP
FROM: Golden Miles Food Corporation (the "Debtor")
RE: REGISTRATION PURSUANT TO THE PERSONAL PROPERTY SECURITY ACT

The undersigned hereby acknowledges receipt of the attached copy of a verification statement indicating that a notice has been registered pursuant to the *Personal Property Security Act* naming the undersigned as a debtor in a transaction with the Secured Party.

DATED this 14 day of December, 2020

GOLDEN MILES FOOD CORPORATION

Per: _____


Santokh Singh Mahal, President

I have the authority to bind the corporation.

**RESOLUTION OF THE SOLE DIRECTOR
OF
GOLDEN MILES FOOD CORPORATION**
(the "Corporation")

Authorizing entering into a Promissory Note and General Security Agreement

WHEREAS the Santokh Singh Mahal (the "Lender") has advanced and will continue to advance funds to the Corporation as evidenced by a Promissory Note dated the 14th day of December, 2020 (the "Promissory Note").

AND WHEREAS it is in the best interest of the Corporation to provide security in favour of the Lender on behalf of, and in support of, the funds advanced to the Corporation.

NOW THEREFORE BE IT RESOLVED THAT:

1. The entering into, execution and delivery of the Promissory Note by the President of the Corporation is hereby, in all respects, ratified, confirmed and approved.
2. The Corporation do execute and deliver to the Lender, as continuing security for all obligations of the Corporation to the Lender, present and future, direct or indirect, including the obligations of the Corporation arising under the Promissory Note, the following document (the "Documents"):
 - (a) A General Security Agreement on the Lender's standard form and registered under the *PPSA*;
 - (b) any other related documents required to complete this transaction.
3. Any officer or director of the Corporation be and he is hereby authorized and instructed for and in the name of and on behalf of the Corporation to execute and deliver to the Lender all such other Documents and instruments and to do such other acts and things as in such director's opinion may be necessary or advisable to carry out the foregoing.
4. The execution and delivery by such person of any and all Documents hereinbefore referred to shall be conclusive evidence that such documents have been authorized and duly executed by the Corporation.

EACH AND EVERY ONE OF THE FOREGOING RESOLUTIONS is hereby consented to by the sole director of the Corporation as evidenced by his signature hereto pursuant to the provisions of the *Business Corporation Act* (Ontario).

DATED to take effect as and from the 14th day of December, 2020.


SANTOKH SINGH MAHAL