

This is the first affidavit of J. Chohan in this case and was made on 16/MAR/2026

NO. SE261982
VANCOUVER REGISTRY



IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

ROYAL BANK OF CANADA

PLAINTIFF

AND:

MAVERICK ESTATE WINERY INC.
MAVERICK VINEYARDS INC.
JAN NELSON
THOMAS ANDREW WINDSOR

DEFENDANTS

AFFIDAVIT

I, **JASDEEP CHOHAN**, Senior Manager, at the Royal Bank of Canada, of 24th Floor, 335 8th Avenue SW, Calgary, Alberta ~~AFFIRM~~ THAT:

MAKE OATH AND SAY A.F.

1. I am a Senior Manager in the Special Loans and Advisory Services group with the Royal Bank of Canada ("**RBC**" or the "**Plaintiff**"), and as such have personal knowledge of the facts and matters hereinafter deposed to save and except where stated to be based on information and belief and where so stated, I verily believe the same to be true.
2. I am authorized to make this affidavit on behalf of RBC.
3. I swear this affidavit in support of RBC's Notice of Application to be filed herein (the "**Application**") for an order appointing KSV Advisory Inc. ("**KSV**" or the "**Receiver**") as receiver over all of the assets, undertakings, and property of the defendants, Maverick Estate Winery Inc. ("**Maverick Estate**") and Maverick Vineyards Inc. ("**Maverick Vineyards**" and together with Maverick Estate, the "**Debtors**").
4. Capitalized terms used herein have the meaning ascribed to the Application, unless otherwise defined herein.

5. Maverick Estate and Maverick Vineyards are related entities and together they carry on business as the owner and operator of a vineyard and winery where they grow crops and manufacture and sell wine products.
6. RBC has provided various loan facilities to the Debtors since 2021.

Maverick Estate Loan Documents

7. Pursuant to Royal Bank of Canada Credit Agreement dated May 5, 2021 (as thereafter amended, the "**MEWI Credit Agreement**"), among Maverick Estate, as borrower, and RBC, as lender, Maverick Estate borrowed money from the Plaintiff, which it agreed to repay to the Plaintiff with interest.
8. Now shown to me and attached hereto as **Exhibit "A"** is a copy of the MEWI Credit Agreement.
9. Maverick Estate was indebted to RBC in the collective amount of \$496,507.23 (the "**MEWI Indebtedness**"), as at January 23, 2026 under the MEWI Credit Facilities (as defined in the Notice of Civil Claim filed herein).

Maverick Vineyards Loan Documents

10. Pursuant to a Royal Bank of Canada Credit Agreement dated March 27, 2025, among Maverick Vineyards, as borrower, and RBC, as lender (the "**MVI Credit Agreement**", together with the MEWI Credit Agreement, the "**Credit Agreements**"), Maverick Vineyards borrowed money from the Plaintiff, which it agreed to repay to the Plaintiff with interest.
11. Now shown to me and attached hereto as **Exhibit "B"** is a copy of the MVI Credit Agreement.
12. Maverick Vineyards was indebted to RBC in the collective amount of \$6,110,018.23 (the "**MVI Indebtedness**"), as at January 23, 2026 under the MVI Credit Agreements (as defined in the Notice of Civil Claim filed herein).

Security

13. Now shown to me and attached hereto together as **Exhibit "C"** are copies of the two general security agreements both executed April 27, 2020 (collectively, the "**Maverick Estate GSA**") granted by Maverick Estate's pre-amalgamation entities in favour of the Plaintiff.
14. Now shown to me and attached hereto together as **Exhibit "D"** is a security confirmation agreement dated April 27, 2020 between Maverick Estate and the Plaintiff.

15. Now shown to me and attached hereto as **Exhibit "E"** is a copy of the general security agreement executed April 27, 2020 (the "**Maverick Vineyards GSA**") granted by Maverick Vineyards in favour of the Plaintiff.
16. Now shown to me and attached hereto as **Exhibit "F"** is a copy of the Oliver Mortgage and accompanying standard mortgage terms.
17. Now shown to me and attached hereto as **Exhibit "G"** is a copy of the Osoyoos Mortgage and accompanying standard mortgage terms.

Financial Issues and Need for Receivership

18. The Debtors primary source of revenue is the sale of wine inventory through various channels, including direct to customer sales and arrangements through various private and government liquor distributors.
19. The Debtors primary asset is certain lands in Oliver and Osoyoos from which they carry on business. The other primary assets of the Debtors are wine inventory and accounts receivable.
20. The Debtors have a number of salaried and hourly employees engaged to run various aspects of its business, including a winemaker, hospitality manager, farm employee, and various back office staff.
21. The primary operating expense of the Debtors is salaries and wages. Other significant recurring expenses include commissions payable in connection with certain wine inventory sales, rent (for inventory storage), utilities, and various other miscellaneous expenses.
22. The loan facilities provided by RBC to the Debtors are primarily comprised of:
 - (a) a revolving line of credit (the "**Operating Line**"), provided subject to the terms of the MEWI Credit Agreement; and
 - (b) various non-revolving term loans, provided subject to the terms of the MVI Credit Agreement.
23. The maximum amount MEWI is entitled to borrow at any one time under the Operating Line is \$450,000 (the "**Borrowing Limit**").
24. Since in or around mid-2025, or earlier, the Debtors have been unable to generate sufficient revenue to meet ongoing operating expenses. This has led to increased reliance on the Operating Line.
25. The Debtors have been proactive in seeking to address this situation. In particular, for the past year (or more), the Debtors have been actively seeking to complete a sale, a

refinancing, or some combination thereof, to either sell the business operation as a going concern to maximize value, or otherwise address capital requirements and return to profitability.

26. Unfortunately, to date, the Debtors have been unable to complete a transaction to achieve either outcome.
27. In the interim, by late 2025 or early 2026, the Debtors reached the Borrowing Limit under the Operating Line. In addition, on December 1, 2025, one of the term loans provided to Maverick Vinyards matured. The Debtors were (and still are) unable to repay that loan in accordance with its terms.
28. As a result of the foregoing, on or about January 27, 2026, RBC issued demands to each of the Debtors for repayment of the MEWI Indebtedness and the MVI Indebtedness. The Debtors have failed to repay their obligations in response to those demands.
29. That said, since early January, 2026, RBC has attempted to negotiate a forbearance agreement with the Debtors, under which the Debtors could continue to operate while seeking to identify and close a refinancing or sale transaction. Ultimately, the parties were unable to agree to terms regarding the same.
30. In or around January, 2026, RBC retained KSV to (among other things) monitor the Debtors cash inflows and outflows, and to prepare projections of the Debtors short term cashflow needs.
31. It is evident based on the KSV's review of the Debtors cashflow to date, and projected cashflow in the coming months, that the Debtors require significant additional cash to meet their ongoing obligations while they seek to carry on their sales process. Even without periodic interest payments to RBC in respect of the term loan facilities, the Debtors anticipate significant negative cashflow over that period.
32. Currently, the Debtors' accounts are in overdraft (as RBC has from time to time permitted certain critical payments to be made, despite lack of funds), and the Operating Line is at the Borrowing Limit. As noted above, RBC is not prepared to provide additional funding in the current circumstances, and it is unclear if the Debtors are otherwise able to access the cashflow needed to continue operating without RBC's support.
33. Moreover, the MEWI Indebtedness and MVI Indebtedness have matured (or been accelerated following demand) and the Debtors are unable to repay the same.
34. The Debtors have had ample time to complete a transaction. The primary source of revenue for the Debtors, being the sale of wine inventory, is eroding RBC's collateral, and is insufficient to maintain day to day operations. Meanwhile interest on the RBC term loan facilities continues to accrue.

- 35. RBC has lost confidence in the Debtors' ability or willingness to complete a transaction and repay the Indebtedness without enforcement steps being taken by RBC. In my view, the appointment of a receiver is necessary to preserve the Property and effect repayment of the Indebtedness.
- 36. I understand that KSV is a licensed trustee, as defined in the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3. KSV has consented to act as receiver if appointed by this Court.

✓ SWORN ✓ A.F.

AFFIRMED before me in Calgary, Alberta, on)
March 16, 2026.)

Alec Fader)
A Commissioner of Oaths for the Province of)
Alberta)

Jasdeep Chohan
JASDEEP CHOHAN

ALEC FADER
Student-At-Law

This is **Exhibit "A"** referred to in the affidavit of Jasdeep Chohan sworn before me at **Calgary, AB** this 16th day of March, 2026.

A.C.G. Fader

A Commissioner for taking Affidavits
For **Alberta**

ALEC FADER
Student-At-Law

ROYAL BANK OF CANADA CREDIT AGREEMENT

DATE: May 5, 2021

BORROWER: MAVERICK ESTATE WINERY INC.	SRF: 594266454
ADDRESS (Street, City/Town, Province, Postal Code) 3974 HIGHWAY 97 OLIVER, BC V0H 1T1	

Royal Bank of Canada (the “**Bank**”) hereby confirms to the undersigned (the “**Borrower**”) the following credit facilities (the “**Credit Facilities**”), banking services and other products subject to the terms and conditions set forth below and in the standard terms provided herewith (collectively the “**Agreement**”). The Credit Facilities are made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of these facilities at any time and from time to time without notice.

CREDIT FACILITIES

Facility #1 Revolving demand facility in the amount of \$450,000.00, available by way of RBP based loans.

Minimum retained balance \$0.00

Revolved by the Bank in increments of \$5,000.00

Interest rate: RBP + 1.00% per annum. Interest payable monthly, in arrears, on the same day each month as determined by the Bank.

Margined: Yes [] No [X]

Facility #2 Revolving lease line of credit in the amount of \$80,000.00. 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 any such separate agreement, the terms of the separate agreement will govern. The determination by the Bank as to whether it will enter into any Lease will be entirely at its sole discretion.

OTHER FACILITIES

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

a) Credit Card to a maximum amount of \$50,000.00.

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank, including without limitation any amounts outstanding under any Leases, 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 \$430,000.00 signed by Maverick Vineyards Inc.;
- c) Guarantee and postponement of claim on the Bank’s form 812 in the amount of \$430,000.00 signed by Jan Nelson;
- d) Guarantee and postponement of claim on the Bank’s form 812 in the amount of \$430,000.00 signed by Thomas Andrew Windsor;
- e) Postponement and assignment of claim on the Bank’s form 918 signed by Robert Shaunessy and Barbara Shaunessy, together with a letter signed by the Bank whereby the Bank agrees that notwithstanding the terms and conditions of the postponement and assignment of claim, the Borrower may make payments to Robert Shaunessy and Barbara Shaunessy as outlined in the letter, provided the Borrower is in compliance with all terms and conditions of this Agreement and with all terms and conditions of the Security both before and after the making of any such payment;

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- f) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$580,000.00 signed by Maverick Vineyards Inc., supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of Maverick Vineyards Inc.;
- g) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$580,000.00 signed by Jan Nelson;
- h) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$580,000.00 signed by Thomas Andrew Windsor.

Upon receipt of the security described in paragraphs f), g) and h) above, in form and substance satisfactory to the Bank, together with such legal opinions and any other supporting documentation as the Bank may reasonably require, to the full satisfaction of the Bank, such security will replace the security described in paragraphs b), c) and d) above.

FEES

Arrangement fee of \$2,000.00 payable upon acceptance of this Agreement or as agreed upon between the Borrower and the Bank.

Facility #1 management fee of \$50.00 payable in arrears on the same day each month.

FINANCIAL COVENANTS

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

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

- a) maintain, on a combined basis for the Borrower and Maverick Vineyards Inc., to be measured at the end of each fiscal year:
 - i) Debt Service Coverage of not less than 1.25:1.

REPORTING REQUIREMENTS

The Borrower will provide to the Bank:

- a) annual notice to reader financial statements for Maverick Vineyards Inc., within 90 days of each fiscal year end;
- b) annual notice to reader combined financial statements for the Borrower and Maverick Vineyards Inc., within 90 days of each fiscal year end;
- c) annual review engagement financial statements for the Borrower, within 90 days of each fiscal year end;
- d) biennial personal statement of affairs for all Guarantors, who are individuals, within 90 days of the end of every second fiscal year of the Borrower, commencing with the fiscal year ending in 2022;
- e) such other financial and operating statements and reports as and when the Bank may reasonably require.

OTHER INFORMATION/REQUIREMENTS

- a) In place of the definition of "**Debt Service Coverage**" contained in "Form 472 (11/2020) Royal Bank of Canada Credit Agreement – Standard Terms" forming part of this Agreement, for the purpose of this Agreement:
 - the term "**Debt Service Coverage**" shall have the following meaning:
 - "**Debt Service Coverage**" means, for any fiscal period, the ratio of EBITDA, less Cash Taxes and, to the extent not deducted in determining net income, less Corporate Distributions, to the total of Interest Expense and scheduled principal payments in respect of Funded Debt; and
 - the term "**Cash Taxes**" shall have the following meaning:
 - "**Cash Taxes**" means, for any fiscal period, any amounts paid in respect of income taxes;
- b) 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

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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.

STANDARD TERMS

The following standard terms have been provided to the Borrower:

- Form 472 (11/2020) Royal Bank of Canada Credit Agreement - Standard Terms
- Form 473 (02/2020) Royal Bank of Canada Credit Agreement - Margined Accounts Standard Terms
- Form 473A (10/2017) Royal Bank of Canada Credit Agreement - RBC Covarity Terms and Conditions
- Form 473B (02/2020) Royal Bank of Canada Credit Agreement - Margined Accounts Standard Terms

ACCEPTANCE

This Agreement is open for acceptance until June 4, 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

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RBC Contact: TYLER CHICK

/tk

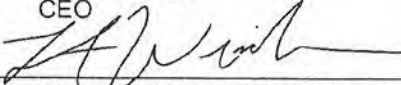
CONFIRMATION & ACCEPTANCE

The Borrower (i) confirms that it has received a copy of the Royal Bank of Canada Credit Agreement Standard Terms, Form 472, as well as all other standard terms which are hereinabove shown as having been delivered to the Borrower, all of which are incorporated in and form an integral part of this Agreement; and (ii) accepts and agrees to be bound by the terms and conditions of this Agreement including all terms and conditions contained in such standard terms.

Confirmed, accepted and agreed this 18 day of MAY, 2021.

MAVERICK ESTATE WINERY INC.

Per: 
Name: JAN NELSON
Title: CEO

Per: 
Name: THOMAS ANDREW WINDSOR
Title: COO

I/We have the authority to bind the Borrower

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The following set of standard terms is deemed to be included in and forms an integral part of the Royal Bank of Canada Loan Agreement which refers to standard terms with this document version date, receipt of which has been duly acknowledged by the Borrower. Terms defined elsewhere in this Agreement and not otherwise defined below have the meaning given to such terms as so defined. The Borrower agrees and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

GENERAL

This Agreement amends and restates, without novation, any existing credit or loan agreement between the Borrower and the Bank and any amendments thereto, (other than existing agreements for Other Facilities). Any credit facility existing under any such credit or loan agreement which is secured by security under section 427 of the *Bank Act* (Canada) (or any successor to such provision) is deemed to be continued and renewed, without novation, under the Credit Facilities. Any amount owing by the Borrower to the Bank under any such credit or loan agreement is deemed to be a Borrowing under this Agreement. This Agreement is in addition to, and not in replacement of, agreements for Other Facilities. Any and all Security that has been delivered to the Bank and which is included as Security in this Agreement shall remain in full force and effect, is expressly reserved by the Bank and shall apply in respect of all obligations of the Borrower under the Credit Facilities. The Bank expressly reserves all Security granted to the Bank by the Borrower to secure the Borrower's existing debt towards the Bank, should the execution of this Agreement effect a novation of said debt. Unless otherwise provided, all dollar amounts are in Canadian currency.

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, in form and substance, and executed and registered to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

AVAILABILITY

Revolving facilities: The Borrower may borrow, convert, repay and reborrow up to the amount of each revolving facility (subject to Margin where applicable) provided each 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.

Non-revolving facilities: The Borrower may borrow up to the amount of each non-revolving facility provided these facilities are made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of these facilities at any time and from time to time without notice.

LOAN REVOLVEMENT

If the Credit Facilities include a revolving demand facility by way of RBP and/or RBUSBR based loans, the Borrower shall establish a current account in Canadian currency, and, where RBUSBR based loans are made available, in US currency (each a "General Account") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank to ascertain the balance of any General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, or RBUSBR Loans as applicable, under this facility;
- b) where the facility is indicated to be Bank revolved, if such position is a credit balance, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, or RBUSBR Loans as applicable, under this facility;
- c) where this facility is indicated to be Borrower revolved, if such position is a credit balance, the Bank will apply repayments on such facility only if so advised and directed by the Borrower;
- d) Overdrafts and Bank revolved facilities by way of RBP Loans, or RBUSBR Loans, are not available on the same General Account.

REPAYMENT

- a) Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in or pursuant to this Agreement and shall be paid in the currency of the Borrowing. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day.
- b) Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment.
- c) In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand including, without limitation, an amount equal to the face amount of all LCs and LGs, if applicable, which are unmatured or unexpired, which amount shall be held by the Bank as security for the Borrower's obligations to the Bank in respect of such Borrowings.
- d) Where any Borrowings are repayable by scheduled blended payments of principal and interest, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding with any balance of such Borrowings being due and payable as and when specified in this Agreement. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be.
- e) Borrowings repayable by way of scheduled payments of principal plus interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement.
- f) For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the maturity date of the applicable Borrowings shall automatically be amended accordingly.
- g) Without limiting the right of the Bank to terminate or demand payment of or to cancel or restrict availability of any unused portion of any revolving demand tender loan facility, Borrowings by way of tender loans shall be repaid (i) if the tender is not accepted, by returning the relevant draft, or certified cheque, if applicable, to the Bank for cancellation or (ii) if the tender is accepted, by returning the relevant draft, or certified cheque, if applicable, once letters of guarantee or performance bonds are arranged. In the event such draft, or certified cheque, if applicable, is presented for payment, the amount of the draft, or certified cheque, if applicable, will be converted to an RBP based loan with an interest rate of RBP plus 5% per annum.
- h) Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility.
- i) Except for Borrowings secured by a mortgage, any amount that is not paid when due hereunder shall bear interest until paid at the rate of RBP plus 5% per annum or the highest premium indicated for any of the Borrower's facilities when in excess of 5%, or, in the case of an amount in US currency if applicable, RBUSBR plus 5% per annum or the highest premium indicated for any of the Borrower's facilities when in excess of 5%. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity, demand

and judgement. For Borrowings secured by a mortgage, any amount that is not paid when due hereunder shall bear interest until paid at the same rate as the interest rate applicable to the principal amount of the Borrowings as specified in this Agreement.

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

PREPAYMENT

Where Borrowings under any term facility are by way of RBP and/or RBUSBR based loans, the Borrower may prepay such Borrowings in whole or in part at any time without fee or premium.

Where Borrowings under any term facility are at a fixed interest rate, provided an Event of Default shall not have occurred and be continuing, the Borrower may prepay such Borrowings on a non-cumulative basis up to the percentage indicated in this Agreement of the outstanding principal balance on the day of prepayment, without fee or premium, once per year during the 12 month period from each anniversary date of the Borrowing. Any prepayment of the Borrowing prior to the maturity date, in whole or in part (in excess of any prepayment explicitly permitted in this Agreement), requires an amendment of the terms of this Agreement. An amendment to permit such a prepayment requires the Bank's prior written consent. The Bank may provide its consent to an amendment to permit a prepayment upon satisfaction by the Borrower of any conditions the Bank may reasonably impose, including, without limitation, the Borrower's agreement to pay the Prepayment Fee as defined below.

The Prepayment Fee will be calculated by the Bank as the sum of:

- a) the greater of:
- (i) the amount equal to three (3) months' interest payable on the amount of the fixed rate term facility Borrowing being prepaid, calculated at the interest rate applicable to the fixed rate term facility Borrowing on the date of prepayment; and
 - (ii) the present value of the cash flow associated with the difference between the Bank's original cost of funds for the fixed rate term facility Borrowing and the current cost of funds for a fixed rate term loan with a term substantially similar to the remaining term and an amortization period substantially similar to the remaining amortization period of the fixed rate term facility Borrowing, each as determined by the Bank on the date of such prepayment;

plus:

- b) Foregone margin over the remainder of the term of the fixed rate term facility Borrowing. Foregone margin is defined as the present value of the difference between the Bank's original cost of funds for the fixed rate term facility Borrowing and the interest that would have been charged to the Borrower over the remaining term of the fixed rate term facility Borrowing.

plus:

- c) a processing fee.

The Prepayment Fee shall also be payable by the Borrower in the event the Bank demands repayment of the outstanding fixed rate term facility Borrowing on the occurrence of an Event of Default. The Borrower's obligation to pay the Prepayment Fee will be in addition to any other amounts then owing by the Borrower to the Bank, will form part of the Borrowings outstanding and will be secured by the Security described herein.

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

EVIDENCE OF INDEBTEDNESS

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

CALCULATION AND PAYMENT OF INTEREST AND FEES

- a) The Borrower shall pay interest on each Overdraft, RBP and/or RBUSBR based loan monthly in arrears on the same day of each month as determined by the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.
- b) The Borrower shall pay interest on each fixed and/or variable rate term facility in arrears at the applicable rate on such date as agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.
- c) The Borrower shall pay an LC fee on the date of issuance of any LC calculated on the face amount of the LC issued, based upon the number of days in the term and a year of 365 days. If applicable, fees for LCs issued in US currency shall be paid in US currency.
- d) The Borrower shall pay LG fees in advance on a quarterly basis calculated on the face amount of the LG issued and based on the number of days in the upcoming quarter or remaining term thereof and a year of 365 days. LG fees are non-refundable. If applicable, fees for LGs issued in US currency shall be paid in US currency.
- e) Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity, demand and judgement.
- f) The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law. In no event shall the effective interest rate payable by the Borrower under any facility be less than zero.

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

FEES, COSTS AND EXPENSES

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL COVENANTS

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

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

GENERAL INDEMNITY

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

AMENDMENTS AND WAIVERS

Save and except for any waiver or extension of the deadline for acceptance of this Agreement at the Bank's sole discretion, which may be communicated in writing, verbally, or by conduct, no amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Each Guarantor, if applicable, agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by any Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, any Guarantor.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period

to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

SEVERABILITY

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

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower in default thereof.

SET-OFF

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

CONSENT OF DISCLOSURE

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

JOINT AND SEVERAL / SOLIDARY

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

EVENTS OF DEFAULT

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

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

LETTERS OF CREDIT AND/OR LETTERS OF GUARANTEE

Borrowings made by way of LCs and/or LGs will be subject to the following terms and conditions:

- a) each LC and/or LG shall expire on a Business Day and shall have a term of not more than 365 days;
- b) at least 2 Business Days prior to the issue of an LC and/or LG, the Borrower shall execute a duly authorized application with respect to such LC and/or LG and each LC and/or LG shall be governed by the terms and conditions of the relevant application for such contract. If there is any inconsistency at any time between the terms of this Agreement and the terms of the application for LC and/or LG, the terms of the application for the LC and/or LG shall govern; and
- c) an LC and/or LG may not be revoked prior to its expiry date unless the consent of the beneficiary of the LC and/or LG has been obtained.
- d) LC and/or LG fees and drawings will be charged to the Borrower's accounts.

FEF CONTRACTS

Bank makes no formal commitment herein to enter into any FEF Contract and the Bank may, at any time and at all times, in its sole and absolute discretion, accept or reject any request by the Borrower to enter into a FEF Contract. Should the Bank make FEF Contracts available to the Borrower, the Borrower agrees, with the Bank as follows:

- a) the Borrower shall promptly issue or countersign and return a confirmation or acknowledgement of the terms of each such FEF Contract as required by the Bank;
- b) the Borrower shall, if required by the Bank, promptly enter into a Foreign Exchange and Options Master Agreement or such other agreement in form and substance satisfactory to the Bank to govern the FEF Contract(s);
- c) in the event of demand for payment under the Agreement, the Bank may terminate all or any FEF Contracts. If the agreement governing any FEF Contract does not contain provisions governing termination, any such termination shall be effected in accordance with customary market practice. The Bank's determination of amounts owing under any terminated FEF Contract shall be conclusive in the absence of manifest error. The Bank shall apply any amount owing by the Bank to the Borrower on termination of any FEF Contract against the Borrower's obligations to the Bank under the Agreement and any amount owing to the Bank by the Borrower on such termination shall be added to the Borrower's obligations to the Bank under the Agreement and secured by the Security;

- d) the Borrower shall pay all required fees in connection with any FEF Contracts and indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank in relation to any FEF Contract;
- e) any rights of the Bank herein in respect of any FEF Contract are in addition to and not in limitation of or substitution for any rights of the Bank under any agreement governing such FEF Contract. In the event that there is any inconsistency at any time between the terms hereof and any agreement governing such FEF Contract, the terms of such agreement shall prevail;
- f) in addition to any security which may be held at any time in respect of any FEF Contract, upon request by the Bank from time to time, the Borrower will deliver to the Bank such security as is acceptable to the Bank as continuing collateral security for the Borrower's obligations to the Bank in respect of FEF Contracts; and
- g) the Borrower will enter each FEF Contract as principal, and only for purposes of hedging currency risk arising in the ordinary course of the Borrower's business and not for purposes of speculation. The Borrower understands and hereby acknowledges the risks associated with each FEF Contract.

EXCHANGE RATE FLUCTUATIONS

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

LANGUAGE

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

WHOLE AGREEMENT

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

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province in which the branch of the Bank, which is the Borrower's branch of account, is located, and the laws of Canada applicable therein, as the same may from time to time be in effect. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

NOTICES

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

COUNTERPART EXECUTION

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

ELECTRONIC MAIL AND FAX TRANSMISSION

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

ELECTRONIC IMAGING

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

CONFIDENTIALITY

This Agreement and all of its terms are confidential ("**Confidential Information**"). The Borrower shall keep the Confidential Information confidential and will not disclose the Confidential Information, or any part thereof, to any Person other than the Borrower's directors, officers, employees, agents, advisors, contractors, consultants and other representatives of the Borrower who need to know the Confidential Information for the purpose of this Agreement, who shall be informed of the confidential nature of the Confidential Information and who agree or are otherwise bound to treat the Confidential Information consistent with the terms of this Agreement. Without limiting the generality of the foregoing, the Borrower shall not issue any press release or make any other public announcement or filing with respect to the Confidential Information without the Bank's prior written consent.

DEFINITIONS

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

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

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

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

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

"Capital Expenditures" means, for any fiscal period, any amounts accrued or paid in respect of any purchase or other acquisition for value of capital assets and, for greater certainty, excludes amounts expended in respect of the normal repair and maintenance of capital assets utilized in the ordinary course of business;

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

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

"Current Assets" means, at any time, those assets ordinarily realizable within one year from the date of determination or within the normal operating cycle, where such cycle is longer than a year;

"Current Liabilities" means, at any time, amounts payable within one year from the date of determination or within the normal operating cycle, where such cycle is longer than a year (the operating cycle must correspond with that used for current assets);

"Current Ratio" means the ratio of Current Assets to Current Liabilities;

"Debt Service Coverage" means, for any fiscal period, the ratio of EBITDA to the total of Interest Expense and scheduled principal payments in respect of Funded Debt;

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

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

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

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

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

"Financial Assistance" means any form of direct or indirect financial assistance of any other Person by means of a loan, guarantee or otherwise or any obligations (contingent or otherwise) intended to enable another Person to incur or pay any debt or comply with any agreements related thereto or to otherwise assure or protect creditors of another Person against loss in respect of debt or any other obligations of such other Person;

"Fixed Charge Coverage" means, for any fiscal period, the ratio of EBITDA plus payments under operating leases less cash income taxes, Corporate Distributions and Unfunded Capital Expenditures to Fixed Charges;

"Fixed Charges" means, for any fiscal period, the total of Interest Expense, scheduled principal payments in respect of Funded Debt and payments under operating leases;

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

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

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

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

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

"Investment" means the acquisition (whether for cash, property, services, securities or otherwise) of shares, bonds, notes, debentures, partnership or other property interests or other securities of any other Person or any agreement to make any such acquisition;

"Letter of Credit" or **"LC"** means a documentary credit issued by the Bank on behalf of the Borrower for the purpose of paying suppliers of goods;

"Letter of Guarantee" or **"LG"** means a documentary credit issued by the Bank on behalf of the Borrower for the purpose of providing security to a third party that the Borrower or a person designated by the Borrower will perform a contractual obligation owed to such third party;

ROYAL BANK OF CANADA CREDIT AGREEMENT – STANDARD TERMS

"Margin" or **"Margined"** means that the availability of Borrowings under the credit facilities will be based on the Borrower's level of accounts receivable, inventory and Potential Prior Ranking Claims as determined by reference to regular reports provided to the Bank by the Borrower;

"Overdraft" means advances of credit by way of debit balances in the Borrower's current account;

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

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

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

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

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

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

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

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

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

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

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

"Unfunded Capital Expenditures" means Capital Expenditures not funded by either bank debt or equity proceeds.

"US" means United States of America.

**ROYAL BANK OF CANADA CREDIT AGREEMENT FORM - RBC COVARIETY
DASHBOARD TERMS AND CONDITIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Virus**" means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse. Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

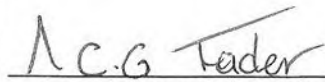
Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

11. Termination. The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate

access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

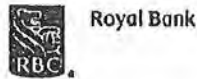
12. Amendment. The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive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

This is **Exhibit "B"** referred to in the affidavit of Jasdeep Chohan sworn before me at **Calgary, AB** this 16th day of March, 2026.



A Commissioner for taking Affidavits
For **Alberta**

ALEC FADER
Student-At-Law



Royal Bank

FORM 460 (Rev 04/2023) O

ROYAL BANK OF CANADA CREDIT AGREEMENT		DATE: March 27, 2025
BORROWER: MAVERICK VINEYARDS INC.		SRF: 594691578
ADDRESS (Street, City/Town, Province, Postal Code) 3974 HIGHWAY 97 OLIVER, BC V0H 1T1		

Royal Bank of Canada (the "Bank") hereby confirms to the undersigned (the "Borrower") the following credit facilities (the "Credit Facilities"), banking services and other products subject to the terms and conditions set forth below and in the standard terms provided herewith (collectively the "Agreement"). The Credit Facilities are made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of these facilities at any time and from time to time without notice.

CREDIT FACILITIES

Facility #1 Non-revolving Royfarm term loan in the amount of \$2,380,000.00 by way of:

Variable or fixed rate loans to be determined at the time of Borrowing. Repayable by consecutive payments to be determined at drawdown based on a 288 month amortization. Payment amount, type and frequency are to be determined at drawdown. All outstanding principal and interest is payable in full at the end of the term selected by the Borrower. If a fixed rate term is selected by the Borrower, the amount eligible for prepayment is to be determined at the time of Borrowing.

The specific interest, prepayment and repayment terms for Borrowings under this facility will be agreed to between the Borrower and the Bank at the time of drawdown by way of a Borrowing Request substantially in the form of Schedule "A" provided by the Borrower and accepted by the Bank.

The existing facility/Royfarm Mortgage Loan granted to the Borrower by the Bank pursuant to Mortgage Loan Number 64811012 - 001 (the "Royfarm Mortgage") shall be refinanced and cancelled upon the advance of this new facility, without novation. This Agreement hereby amends and restates, supersedes and cancels the application of the Royfarm Mortgage Loan Agreement, without novation, to the Royfarm Mortgage. Any and all security that has been granted to the Bank in connection with the Royfarm Mortgage 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 this facility.

Facility #2 Non-revolving Royfarm term loan in the amount of \$2,550,000.00 by way of:

Variable or fixed rate loans to be determined at the time of Borrowing. Repayable by consecutive payments to be determined at drawdown based on a 264 month amortization. Payment amount, type and frequency are to be determined at drawdown. All outstanding principal and interest is payable in full at the end of the term selected by the Borrower. If a fixed rate term is selected by the Borrower, the amount eligible for prepayment is to be determined at the time of Borrowing.

The specific interest, prepayment and repayment terms for Borrowings under this facility will be agreed to between the Borrower and the Bank at the time of drawdown by way of a Borrowing Request substantially in the form of Schedule "A" provided by the Borrower and accepted by the Bank.

The existing facility/Royfarm Mortgage Loan granted to the Borrower by the Bank pursuant to Mortgage Loan Number 64811012 - 002 (the "Royfarm Mortgage") shall be refinanced and cancelled upon the advance of this new facility, without novation. This Agreement hereby amends and restates, supersedes and cancels the application of the Royfarm Mortgage Loan Agreement, without novation, to the Royfarm Mortgage. Any and all security that has been granted to the Bank in connection with the Royfarm Mortgage 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 this facility.

* Registered trademark of Royal Bank of Canada

Facility #3 Non-revolving Royfarm term loan in the amount of \$900,000.00 by way of:

Variable or fixed rate loans to be determined at the time of Borrowing. Repayable by consecutive payments to be determined at drawdown based on a 276 month amortization. Payment amount, type and frequency are to be determined at drawdown. All outstanding principal and interest is payable in full at the end of the term selected by the Borrower. If a fixed rate term is selected by the Borrower, the amount eligible for prepayment is to be determined at the time of Borrowing.

The specific interest, prepayment and repayment terms for Borrowings under this facility will be agreed to between the Borrower and the Bank at the time of drawdown by way of a Borrowing Request substantially in the form of Schedule "A" provided by the Borrower and accepted by the Bank.

The existing facility/Royfarm Mortgage Loan granted to the Borrower by the Bank pursuant to Mortgage Loan Number 64811012 - 003 (the "Royfarm Mortgage") shall be refinanced and cancelled upon the advance of this new facility, without novation. This Agreement hereby amends and restates, supersedes and cancels the application of the Royfarm Mortgage Loan Agreement, without novation, to the Royfarm Mortgage. Any and all security that has been granted to the Bank in connection with the Royfarm Mortgage 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 this facility.

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) All Royfarm Mortgage Loans outstanding at any time and from time to time.

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) Collateral mortgage in the amount of \$3,175,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 3970 Highway 97, Oliver, BC;
- c) Collateral mortgage in the amount of \$3,800,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 3668 Fruitvale Way, Osoyoos, BC;
- d) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$5,180,000.00 signed by Thomas Andrew Windsor;
- e) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$5,180,000.00 signed by Jan Nelson;
- f) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$5,830,000.00 signed by Maverick Estate Winery Inc.;
- g) Postponement and assignment of claim on the Bank's form 918 signed by Robert Shaunessy and Barbara Shaunessy, together with a letter signed by the Bank whereby the Bank agrees that notwithstanding the terms and conditions of the postponement and assignment of claim, the Borrower may make payments to Robert Shaunessy and Barbara Shaunessy as outlined in the letter, provided the Borrower is in compliance with all terms and conditions of this Agreement and with all terms and conditions of the Security both before and after the making of any such payment;

^{*} Registered trademark of Royal Bank of Canada.

- h) Certificate of insurance evidencing fire and other perils coverage on the property located at 3970 Highway 97, Oliver BC, showing the Bank as first mortgagee.

FEES

Renewal Fee:

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

FINANCIAL COVENANTS

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

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

- a) maintain, on a combined basis for the Borrower and Maverick Estate Winery Inc., to be measured at the end of each fiscal year:
 - i. Debt Service Coverage of not less than 1.25:1;
 - ii. A ratio of Total Liabilities to Tangible Net Worth of not greater than 2.75:1.

REPORTING REQUIREMENTS

The Borrower will provide to the Bank:

- a) annual review engagement financial statements for Maverick Estate Winery Inc., within 90 days of each fiscal year end;
- b) annual compilation engagement financial statements for the Borrower, within 90 days of each fiscal year end;
- c) annual compilation engagement combined financial statements for Maverick Estate Winery Inc. and the Borrower, within 90 days of each fiscal year end;
- d) annual personal statement of affairs for all Guarantors, who are individuals, within 90 days of the end of every fiscal year of the Borrower, commencing with the fiscal year ending in 2026;
- e) such other financial and operating statements and reports as and when the Bank may reasonably require.

OTHER INFORMATION/REQUIREMENTS

- a) In place of the definition of "Debt Service Coverage" contained in "Form 472 (12/2022) Royal Bank of Canada Credit Agreement – Standard Terms" forming part of this Agreement, for the purpose of this Agreement:
 - the term "Debt Service Coverage" shall have the following meaning:

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

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

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.

* Registered trademark of Royal Bank of Canada.

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.

STANDARD TERMS

The following standard terms have been provided to the Borrower:

- Form 472 (12/2022) Royal Bank of Canada Credit Agreement – Standard Terms
- Form 473 (02/2020) Royal Bank of Canada Credit Agreement – Margined Accounts Standard Terms
- Form 473A (06/2021) Royal Bank of Canada Credit Agreement – RBC Covarity Terms and Conditions
- Form 473B (02/2020) Royal Bank of Canada Credit Agreement – Margined Accounts Standard Terms

ACCEPTANCE

This Agreement is open for acceptance until April 26, 2025, 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: TYLER CHICK

/tz

CONFIRMATION & ACCEPTANCE

The Borrower (i) confirms that it has received a copy of the Royal Bank of Canada Credit Agreement Standard Terms, Form 472, as well as all other standard terms which are hereinabove shown as having been delivered to the Borrower, all of which are incorporated in and form an integral part of this Agreement; and (ii) accepts and agrees to be bound by the terms and conditions of this Agreement including all terms and conditions contained in such standard terms.

* Registered trademark of Royal Bank of Canada.

Confirmed, accepted and agreed this 2 day of June, 2025.

MAVERICK VINEYARDS INC.

Per: [Signature]
Name: Don Nelson
Title: CEO / Director

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Borrower

- Attachments:
- Schedule – Borrowing Request

* Registered trademark of Royal Bank of Canada.

**ROYAL BANK OF CANADA CREDIT AGREEMENT – SCHEDULE “A”
BORROWING REQUEST STANDARD FORM**

In support of the Royal Bank of Canada Credit Agreement dated March 27, 2025 the Borrower hereby requests the following be established under Facility # 01:

Date of Borrowing	Dec 1, 2025		
Amount of Borrowing:	\$ 2,380,000		
Amortization (in months):	240		
Selected Term: (Borrowing repayable in full on the last day of the Term)	1 yr		
Payment Amount:	\$ 206,657.80		
Payment Frequency:	weekly	<input type="checkbox"/>	bi-weekly <input type="checkbox"/>
	semi-monthly	<input type="checkbox"/>	monthly <input type="checkbox"/>
	quarterly	<input type="checkbox"/>	semi-annual <input type="checkbox"/> annual <input checked="" type="checkbox"/>
Selected Interest Rate (per annum):	% <input type="checkbox"/>	RBP + 1.00 %	<input checked="" type="checkbox"/>
Selected Payment Type:	Blended (Principal and Interest) <input checked="" type="checkbox"/>	Principal plus Interest <input type="checkbox"/>	
	If variable interest rate selected with blended payments, the payment amount is subject to annual adjustment to ensure amortization		
First Payment Due Date:	December 1, 2025		
Amount Eligible for Prepayment of FRT Loan:	0% <input checked="" type="checkbox"/>	10% <input type="checkbox"/>	

Dated this 2 day of June, 2025.

MAVERICK VINEYARDS INC.

Per: [Signature]
Name: David N. Zickler
Title: CEO / Director

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Borrower

SRF# 594691578

ROYAL BANK OF CANADA CREDIT AGREEMENT – STANDARD TERMS

FORM 472 (12/2022)

The following set of standard terms is deemed to be included in and forms an integral part of the Royal Bank of Canada Loan Agreement which refers to standard terms with this document version date, receipt of which has been duly acknowledged by the Borrower. Terms defined elsewhere in this Agreement and not otherwise defined below have the meaning given to such terms as so defined. The Borrower agrees and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

GENERAL

This Agreement amends and restates, without novation, any existing credit or loan agreement between the Borrower and the Bank and any amendments thereto, (other than existing agreements for Other Facilities). Any credit facility existing under any such credit or loan agreement which is secured by security under section 427 of the *Bank Act* (Canada) (or any successor to such provision) is deemed to be continued and renewed, without novation, under the Credit Facilities. Any amount owing by the Borrower to the Bank under any such credit or loan agreement is deemed to be a Borrowing under this Agreement. This Agreement is in addition to, and not in replacement of, agreements for Other Facilities. Any and all Security that has been delivered to the Bank and which is included as Security in this Agreement shall remain in full force and effect, is expressly reserved by the Bank and shall apply in respect of all obligations of the Borrower under the Credit Facilities. The Bank expressly reserves all Security granted to the Bank by the Borrower to secure the Borrower's existing debt towards the Bank, should the execution of this Agreement effect a novation of said debt. Unless otherwise provided, all dollar amounts are in Canadian currency.

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, in form and substance, and executed and registered to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

AVAILABILITY

Revolving facilities: The Borrower may borrow, convert, repay and reborrow up to the amount of each revolving facility (subject to Margin where applicable) provided each 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.

Non-revolving facilities: The Borrower may borrow up to the amount of each non-revolving facility provided these facilities are made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of these facilities at any time and from time to time without notice.

LOAN REVOLVEMENT

If the Credit Facilities include a revolving demand facility by way of RBP and/or RBUSBR based loans, the Borrower shall establish a current account in Canadian currency, and, where RBUSBR based loans are made available, in US currency (each a "General Account") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank to ascertain the balance of any General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, or RBUSBR Loans as applicable, under this facility;
- b) where the facility is indicated to be Bank revolved, if such position is a credit balance, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, or RBUSBR Loans as applicable, under this facility;
- c) where this facility is indicated to be Borrower revolved, if such position is a credit balance, the Bank will apply repayments on such facility only if so advised and directed by the Borrower;
- d) Overdrafts and Bank revolved facilities by way of RBP Loans, or RBUSBR Loans, are not available on the same General Account.

REPAYMENT

- a) Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in or pursuant to this Agreement and shall be paid in the currency of the Borrowing. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day.
- b) Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment.
- c) In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand including, without limitation, an amount equal to the face amount of all LCs and LGs, if applicable, which are unmaturing or unexpired, which amount shall be held by the Bank as security for the Borrower's obligations to the Bank in respect of such Borrowings.
- d) Where any Borrowings are repayable by scheduled blended payments of principal and interest, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding with any balance of such Borrowings being due and payable as and when specified in this Agreement. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be.
- e) Borrowings repayable by way of scheduled payments of principal plus interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement.
- f) For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the maturity date of the applicable Borrowings shall automatically be amended accordingly.
- g) Without limiting the right of the Bank to terminate or demand payment of or to cancel or restrict availability of any unused portion of any revolving demand tender loan facility, Borrowings by way of tender loans shall be repaid (i) if the tender is not accepted, by returning the relevant draft, or certified cheque, if applicable, to the Bank for cancellation or (ii) if the tender is accepted, by returning the relevant draft, or certified cheque, if applicable, once letters of guarantee or performance bonds are arranged. In the event such draft, or certified cheque, if applicable, is presented for payment, the amount of the draft, or certified cheque, if applicable, will be converted to an RBP based loan with an interest rate of RBP plus 5% per annum.
- h) Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility.
- i) Except for Borrowings secured by a mortgage, any amount that is not paid when due hereunder shall bear interest until paid at the rate of RBP plus 5% per annum or the highest premium indicated for any of the Borrower's facilities when in excess of 5%, or, in the case of an amount in US currency if applicable, RBUSBR plus 5% per annum or the highest premium indicated for any of the Borrower's facilities when in excess of 5%. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity, demand

ROYAL BANK OF CANADA CREDIT AGREEMENT – STANDARD TERMS

FORM 472 (12/2022)

and judgement. For Borrowings secured by a mortgage, any amount that is not paid when due hereunder shall bear interest until paid at the same rate as the interest rate applicable to the principal amount of the Borrowings as specified in this Agreement.

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

PREPAYMENT

Where Borrowings under any term facility are by way of RBP and/or RBUSBR based loans, the Borrower may prepay such Borrowings in whole or in part at any time without fee or premium.

Where Borrowings under any term facility are at a fixed interest rate, provided an Event of Default shall not have occurred and be continuing, the Borrower may prepay such Borrowings on a non-cumulative basis up to the percentage indicated in this Agreement of the outstanding principal balance on the day of prepayment, without fee or premium, once per year during the 12 month period from each anniversary date of the Borrowing. Any prepayment of the Borrowing prior to the maturity date, in whole or in part (in excess of any prepayment explicitly permitted in this Agreement), requires an amendment of the terms of this Agreement. An amendment to permit such a prepayment requires the Bank's prior written consent. The Bank may provide its consent to an amendment to permit a prepayment upon satisfaction by the Borrower of any conditions the Bank may reasonably impose, including, without limitation, the Borrower's agreement to pay the Prepayment Fee as defined below.

The Prepayment Fee will be calculated by the Bank as the sum of:

- a) the greater of:
- (i) the amount equal to three (3) months' interest payable on the amount of the fixed rate term facility Borrowing being prepaid, calculated at the interest rate applicable to the fixed rate term facility Borrowing on the date of prepayment; and
 - (ii) the present value of the cash flow associated with the difference between the Bank's original cost of funds for the fixed rate term facility Borrowing and the current cost of funds for a fixed rate term loan with a term substantially similar to the remaining term and an amortization period substantially similar to the remaining amortization period of the fixed rate term facility Borrowing, each as determined by the Bank on the date of such prepayment;

plus:

- b) Foregone margin over the remainder of the term of the fixed rate term facility Borrowing. Foregone margin is defined as the present value of the difference between the Bank's original cost of funds for the fixed rate term facility Borrowing and the interest that would have been charged to the Borrower over the remaining term of the fixed rate term facility Borrowing;

plus:

- c) a processing fee.

The Prepayment Fee shall also be payable by the Borrower in the event the Bank demands repayment of the outstanding fixed rate term facility Borrowing on the occurrence of an Event of Default. The Borrower's obligation to pay the Prepayment Fee will be in addition to any other amounts then owing by the Borrower to the Bank, will form part of the Borrowings outstanding and will be secured by the Security described herein.

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

EVIDENCE OF INDEBTEDNESS

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

CALCULATION AND PAYMENT OF INTEREST AND FEES

- a) The Borrower shall pay interest on each Overdraft, RBP and/or RBUSBR based loan monthly in arrears on the same day of each month as determined by the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.
- b) The Borrower shall pay interest on each fixed and/or variable rate term facility in arrears at the applicable rate on such date as agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.
- c) The Borrower shall pay an LC fee on the date of issuance of any LC calculated on the face amount of the LC issued, based upon the number of days in the term and a year of 365 days. If applicable, fees for LCs issued in US currency shall be paid in US currency.
- d) The Borrower shall pay LG fees in advance on a quarterly basis calculated on the face amount of the LG issued and based on the number of days in the upcoming quarter or remaining term thereof and a year of 365 days. LG fees are non-refundable. If applicable, fees for LGs issued in US currency shall be paid in US currency.
- e) Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity, demand and judgement.
- f) The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law. In no event shall the effective interest rate payable by the Borrower under any facility be less than zero.

ROYAL BANK OF CANADA CREDIT AGREEMENT – STANDARD TERMS

FORM 472 (12/2022)

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

FEES, COSTS AND EXPENSES

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL COVENANTS

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

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

GENERAL INDEMNITY

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

AMENDMENTS AND WAIVERS

Save and except for any waiver or extension of the deadline for acceptance of this Agreement at the Bank's sole discretion, which may be communicated in writing, verbally, or by conduct, no amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Each Guarantor, if applicable, agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by any Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, any Guarantor.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period

ROYAL BANK OF CANADA CREDIT AGREEMENT – STANDARD TERMS

FORM 472 (12/2022)

to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate, including, without limitation, the application of accrual accounting. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

SEVERABILITY

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

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower in default thereof.

SET-OFF

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

CONSENT OF DISCLOSURE

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

JOINT AND SEVERAL / SOLIDARY

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

EVENTS OF DEFAULT

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

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

LETTERS OF CREDIT AND/OR LETTERS OF GUARANTEE

Borrowings made by way of LCs and/or LGs will be subject to the following terms and conditions:

- a) each LC and/or LG shall expire on a Business Day and shall have a term of not more than 365 days;
- b) at least 2 Business Days prior to the issue of an LC and/or LG, the Borrower shall execute a duly authorized application with respect to such LC and/or LG and each LC and/or LG shall be governed by the terms and conditions of the relevant application for such contract. If there is any inconsistency at any time between the terms of this Agreement and the terms of the application for LC and/or LG, the terms of the application for the LC and/or LG shall govern; and
- c) an LC and/or LG may not be revoked prior to its expiry date unless the consent of the beneficiary of the LC and/or LG has been obtained,
- d) LC and/or LG fees and drawings will be charged to the Borrower's accounts.

FEF CONTRACTS

Bank makes no formal commitment herein to enter into any FEF Contract and the Bank may, at any time and at all times, in its sole and absolute discretion, accept or reject any request by the Borrower to enter into a FEF Contract. Should the Bank make FEF Contracts available to the Borrower, the Borrower agrees, with the Bank as follows:

- a) the Borrower shall promptly issue or countersign and return a confirmation or acknowledgement of the terms of each such FEF Contract as required by the Bank;
- b) the Borrower shall, if required by the Bank, promptly enter into a Foreign Exchange and Options Master Agreement or such other agreement in form and substance satisfactory to the Bank to govern the FEF Contract(s);
- c) in the event of demand for payment under the Agreement, the Bank may terminate all or any FEF Contracts. If the agreement governing any FEF Contract does not contain provisions governing termination, any such termination shall be effected in accordance with customary market practice. The Bank's determination of amounts owing under any terminated FEF Contract shall be conclusive in the absence of manifest error. The Bank shall apply any amount owing by the Bank to the Borrower on termination of any FEF Contract against the Borrower's obligations to the Bank under the Agreement and any amount owing to the Bank by the Borrower on such termination shall be added to the Borrower's obligations to the Bank under the Agreement and secured by the Security;

ROYAL BANK OF CANADA CREDIT AGREEMENT – STANDARD TERMS

FORM 472 (12/2022)

- d) the Borrower shall pay all required fees in connection with any FEF Contracts and indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank in relation to any FEF Contract;
- e) any rights of the Bank herein in respect of any FEF Contract are in addition to and not in limitation of or substitution for any rights of the Bank under any agreement governing such FEF Contract. In the event that there is any inconsistency at any time between the terms hereof and any agreement governing such FEF Contract, the terms of such agreement shall prevail;
- f) in addition to any security which may be held at any time in respect of any FEF Contract, upon request by the Bank from time to time, the Borrower will deliver to the Bank such security as is acceptable to the Bank as continuing collateral security for the Borrower's obligations to the Bank in respect of FEF Contracts; and
- g) the Borrower will enter each FEF Contract as principal, and only for purposes of hedging currency risk arising in the ordinary course of the Borrower's business and not for purposes of speculation. The Borrower understands and hereby acknowledges the risks associated with each FEF Contract.

EXCHANGE RATE FLUCTUATIONS

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

LANGUAGE

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

WHOLE AGREEMENT

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

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province in which the branch of the Bank, which is the Borrower's branch of account, is located, and the laws of Canada applicable therein, as the same may from time to time be in effect. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

NOTICES

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

COUNTERPART EXECUTION

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

ELECTRONIC MAIL AND FAX TRANSMISSION

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

ELECTRONIC IMAGING

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

CONFIDENTIALITY

This Agreement and all of its terms are confidential ("Confidential Information"). The Borrower shall keep the Confidential Information confidential and will not disclose the Confidential Information, or any part thereof, to any Person other than the Borrower's directors, officers, employees, agents, advisors, contractors, consultants and other representatives of the Borrower who need to know the Confidential Information for the purpose of this Agreement, who shall be informed of the confidential nature of the Confidential Information and who agree or are otherwise bound to treat the Confidential Information consistent with the terms of this Agreement. Without limiting the generality of the foregoing, the Borrower shall not issue any press release or make any other public announcement or filing with respect to the Confidential Information without the Bank's prior written consent.

DEFINITIONS

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

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

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

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

ROYAL BANK OF CANADA CREDIT AGREEMENT – STANDARD TERMS

FORM 472 (12/2022)

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

"Capital Expenditures" means, for any fiscal period, any amounts accrued or paid in respect of any purchase or other acquisition for value of capital assets and, for greater certainty, excludes amounts expended in respect of the normal repair and maintenance of capital assets utilized in the ordinary course of business;

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

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

"Current Assets" means, at any time, those assets ordinarily realizable within one year from the date of determination or within the normal operating cycle, where such cycle is longer than a year;

"Current Liabilities" means, at any time, amounts payable within one year from the date of determination or within the normal operating cycle, where such cycle is longer than a year (the operating cycle must correspond with that used for current assets);

"Current Ratio" means the ratio of Current Assets to Current Liabilities;

"Debt Service Coverage" means, for any fiscal period, the ratio of EBITDA to the total of Interest Expense and scheduled principal payments in respect of Funded Debt;

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

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

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

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

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

"Financial Assistance" means any form of direct or indirect financial assistance of any other Person by means of a loan, guarantee or otherwise or any obligations (contingent or otherwise) intended to enable another Person to incur or pay any debt or comply with any agreements related thereto or to otherwise assure or protect creditors of another Person against loss in respect of debt or any other obligations of such other Person;

"Fixed Charge Coverage" means, for any fiscal period, the ratio of EBITDA plus payments under operating leases less cash income taxes, Corporate Distributions and Unfunded Capital Expenditures to Fixed Charges;

"Fixed Charges" means, for any fiscal period, the total of Interest Expense, scheduled principal payments in respect of Funded Debt and payments under operating leases;

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

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

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

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

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

"Investment" means the acquisition (whether for cash, property, services, securities or otherwise) of shares, bonds, notes, debentures, partnership or other property interests or other securities of any other Person or any agreement to make any such acquisition;

"Letter of Credit" or **"LC"** means a documentary credit issued by the Bank on behalf of the Borrower for the purpose of paying suppliers of goods;

"Letter of Guarantee" or **"LG"** means a documentary credit issued by the Bank on behalf of the Borrower for the purpose of providing security to a third party that the Borrower or a person designated by the Borrower will perform a contractual obligation owed to such third party;

ROYAL BANK OF CANADA CREDIT AGREEMENT – STANDARD TERMS

FORM 472 (12/2022)

"Margin" or **"Margined"** means that the availability of Borrowings under the credit facilities will be based on the Borrower's level of accounts receivable, inventory and Potential Prior Ranking Claims as determined by reference to regular reports provided to the Bank by the Borrower;

"Overdraft" means advances of credit by way of debit balances in the Borrower's current account;

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

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

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

"Policy" means the Business Loan Insurance Plan policy 52000 and 53000, issued by RBC Life Insurance Company to the Bank;

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

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

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

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

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

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

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

"Unfunded Capital Expenditures" means Capital Expenditures not funded by either bank debt or equity proceeds.

"US" means United States of America.

**ROYAL BANK OF CANADA CREDIT AGREEMENT – RBC COVARIETY
DASHBOARD TERMS AND CONDITIONS**

FORM 473A (06/2021)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Virus**" means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse. Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

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

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

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

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

**ROYAL BANK OF CANADA CREDIT AGREEMENT – RBC COVARTY
DASHBOARD TERMS AND CONDITIONS**

FORM 473A (06/2021)

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

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

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

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

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

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

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

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

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

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

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

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

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

11. Termination. The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarty Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or

**ROYAL BANK OF CANADA CREDIT AGREEMENT – RBC COVARIETY
DASHBOARD TERMS AND CONDITIONS****FORM 473A (06/2021)**

discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

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

**ROYAL BANK OF CANADA CREDIT AGREEMENT – SCHEDULE “A”
BORROWING REQUEST STANDARD FORM**

In support of the Royal Bank of Canada Credit Agreement dated March 27, 2025 the Borrower hereby requests the following be established under Facility # 02:

Date of Borrowing	<u>June 30, 2025</u>		
Amount of Borrowing:	\$ <u>2,550,000</u>		
Amortization (in months):	<u>252</u>		
Selected Term: (Borrowing repayable in full on the last day of the Term)	<u>1 yr</u>		
Payment Amount:	\$ <u>215,850</u>		
Payment Frequency:	weekly <input type="checkbox"/>	bi-weekly <input type="checkbox"/>	
	semi-monthly <input type="checkbox"/>	monthly <input type="checkbox"/>	
	quarterly <input type="checkbox"/>	semi-annual <input type="checkbox"/>	annual <input checked="" type="checkbox"/>
Selected Interest Rate (per annum):	% <input type="checkbox"/>	RBP + <u>1.00</u> %	<input checked="" type="checkbox"/>
Selected Payment Type:	Blended (Principal and Interest) <input checked="" type="checkbox"/>	Principal plus Interest <input type="checkbox"/>	
	If variable interest rate selected with blended payments, the payment amount is subject to annual adjustment to ensure amortization		
First Payment Due Date:	<u>June 30, 2026</u>		
Amount Eligible for Prepayment of FRT Loan:	0% <input checked="" type="checkbox"/>	10% <input type="checkbox"/>	

Dated this 2 day of June, 20 25.

MAVERICK VINEYARDS INC.

Per: [Signature]
 Name: John Jordan
 Title: CEO / Director

Per: _____
 Name: _____
 Title: _____

I/We have the authority to bind the Borrower

SRF# 594691578

**ROYAL BANK OF CANADA CREDIT AGREEMENT – SCHEDULE "A"
BORROWING REQUEST STANDARD FORM**

In support of the Royal Bank of Canada Credit Agreement dated March 27, 2025 the Borrower hereby requests the following be established under Facility # 03:

Date of Borrowing	May 14, 2025		
Amount of Borrowing:	\$ 900,000		
Amortization (in months):	264		
Selected Term: (Borrowing repayable in full on the last day of the Term)	1 yr		
Payment Amount:	\$ 74,416.40		
Payment Frequency:	weekly <input type="checkbox"/>	bi-weekly <input type="checkbox"/>	
	semi-monthly <input type="checkbox"/>	monthly <input type="checkbox"/>	
	quarterly <input type="checkbox"/>	semi-annual <input type="checkbox"/>	annual <input checked="" type="checkbox"/>
Selected Interest Rate (per annum):	% <input type="checkbox"/>	RBP + 1.00 %	<input checked="" type="checkbox"/>
Selected Payment Type:	Blended (Principal and Interest) <input checked="" type="checkbox"/>	Principal plus Interest <input type="checkbox"/>	
	If variable interest rate selected with blended payments, the payment amount is subject to annual adjustment to ensure amortization		
First Payment Due Date:	May 14, 2026		
Amount Eligible for Prepayment of FRT Loan:	0% <input checked="" type="checkbox"/>	10% <input type="checkbox"/>	

Dated this 2 day of June, 2025

MAVERICK VINEYARDS INC.

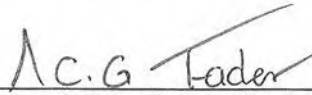
Per: [Signature]
 Name: JAN NELSON
 Title: CEO / Director

Per: _____
 Name: _____
 Title: _____

I/We have the authority to bind the Borrower

SRF# 594691578

This is **Exhibit "C"** referred to in the affidavit of Jasdeep Chohan sworn before me at **Calgary, AB** this 16th day of March, 2026.



A Commissioner for taking Affidavits
For **Alberta**

ALEC FADER
Student-At-Law

**Royal Bank of Canada
General Security Agreement**SRF:
594266454BRANCH ADDRESS:
1665 ELLIS ST
SUITE 201
KELOWNA, BC
V1Y 2B3BORROWER:
MAVERICK ESTATE WINERY INC.**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(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

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

of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

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

- a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;
- b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;
- c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;
- d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situated 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, trademarks, 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 charge statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC 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 to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.
- m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.
- n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.
- o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.
- p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.
- q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:
- i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and
 - ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to 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:

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR MAVERICK ESTATE WINERY INC.			
ADDRESS OF BUSINESS DEBTOR 3974 HIGHWAY 97	CITY OLIVER	PROVINCE BC	POSTAL CODE V0H 1T1

IN WITNESS WHEREOF executed this 27th day of April, 2020

MAVERICK ESTATE WINERY INC.

 _____ Seal

_____ Seal

SCHEDULE "A"
(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

1. Locations of Debtor's Business Operations:

3974 HIGHWAY 97
OLIVER
BC
CA
VOH 1T1

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)

GENERAL SECURITY AGREEMENT

E-FORM 924 (10/2017)

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(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

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

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

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

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

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

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

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

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

4. COVENANTS OF THE DEBTOR

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 to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

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

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

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

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

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

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

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to 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 1247671 B.C. LTD.			
ADDRESS OF BUSINESS DEBTOR 3974 HIGHWAY 97	CITY OLIVER	PROVINCE BC	POSTAL CODE V0H 1T1

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 27th day of April, 2020.

1247671 B.C. LTD.

WITNESS

 Kristy Louie
 Barrister & Solicitor
 200 - 437 1st Ave.
 Kelowna, BC V1Y 2A9


 DAN ELLIOTT NELSON

WITNESS



BRANCH ADDRESS

KELOWNA-OKANAGAN CFS 1665 ELLIS ST SUITE 201 KELOWNA BC V1Y 2B3
--

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

NIL

SCHEDULE "B"**1. Locations of Debtor's Business Operations:**

3974 HIGHWAY 97
OLIVER BRITISH COLUMBIA
V0H1T1

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

3974 HIGHWAY 97
OLIVER BRITISH COLUMBIA
V0H1T1

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

3974 HIGHWAY 97
OLIVER BRITISH COLUMBIA
V0H1T1

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

This is **Exhibit "D"** referred to in the affidavit of Jasdeep Chohan sworn before me at **Calgary, AB** this 16th day of March, 2026.

A.C.G. Fader

A Commissioner for taking Affidavits
For Alberta

ALEC FADER
Student-At-Law

SECURITY CONFIRMATION AGREEMENT

THIS AGREEMENT made as of the 27th day of April, 2020

BETWEEN:

ROYAL BANK OF CANADA
302 Main Street
Penticton, BC V2A 5C3

(hereinafter referred to as the "Bank")

OF THE FIRST PART

AND:

MAVERICK ESTATE WINERY INC.,
Inc. No. BC 1248454
3974 Highway 97
Oliver, BC V0H 1T1

INITIAL
[Handwritten initials]

(hereinafter referred to as "Amalco")

OF THE SECOND PART

WHEREAS 1247671 B.C. Ltd., Inc. No. BC1247671 ("Old 1247671") and Maverick Estate Winery Inc., Inc. No. BC1021099 ("Old Maverick") amalgamated on April 27, 2020 to form Maverick Estate Winery Inc., Inc. No. BC 1248454 ("Amalco");

INITIAL
[Handwritten initials]

AND WHEREAS Old 1247671 B.C. Ltd. has granted the following:

- a) a General Security Agreement, Bank's Form 924, dated April 27, 2020 to the Bank as continuing security for specific and general indebtedness owing now or in the future by Old 1247671 to the Bank; and
- b) a Guarantee and Postponement of Claim, Bank's Form 812, dated April 27, 2020 of all liabilities of Maverick Vineyards Inc. limited to the sum of \$2,380,000.00; (collectively the "Old 1247671 Security");

INITIAL
[Handwritten initials]

AND WHEREAS Old Maverick has granted the following:

- a) a General Security Agreement, Bank's Form 924, dated April 27, 2020 to the Bank as continuing security for specific and general indebtedness owing now or in the future by Old Maverick to the Bank; and

INITIAL
[Handwritten initials]

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- b) a Guarantee and Postponement of Claim, Bank's Form 812, dated April 27, 2020 of all liabilities of Maverick Vineyards Inc. limited to the sum of \$2,380,000.00;
(collectively the "Old Maverick Security");

INITIAL
Q

(the Old 1247671 Security and the Old Maverick Security hereinafter referred to as the "Security");

AND WHEREAS Amalco has agreed to confirm to the Bank that the rights and powers of the Bank under the Security have been preserved and have not been impaired by the amalgamation.

NOW THEREFORE, in consideration of the continuing extension of credit by the Bank to Maverick Vineyards Inc., and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Amalco, Amalco confirms and agrees as follows:

1. Confirmation of Security

Amalco hereby confirms and agrees that:

- (a) all of the assets of Amalco (including any assets formerly owned by Old 1247671 or Old Maverick) are subject to the charges constituted by the Security as if Amalco were an original signatory and party to the Security, and as if this Agreement were an original grant of security by Amalco;
- (b) all assets acquired by Amalco after the amalgamation will also be subject to the charges constituted by the Security as if Amalco were an original signatory and party to the Security, and as if this Agreement were an original grant of security by Amalco;
- (c) Amalco is liable to pay and perform all indebtedness, liabilities, covenants and other obligations of Old 1247671 or Old Maverick under the Security; and
- (d) All obligations of Amalco to the Bank, present and future, shall be secured by all the security granted by Old 1247671 or Old Maverick to the Bank prior to the amalgamation including, without limitation, the Security.

2. Representations and Warranties

Amalco hereby represents and warrants to the Bank as follows:

- (a) Amalco is a body corporate duly amalgamated and existing under the laws of the Province of British Columbia;
- (b) Immediately prior to completion of the Amalgamation, there were no liens, encumbrances or security interests (hereinafter collectively "Encumbrances")

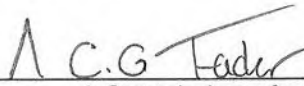
affecting any of the assets of Old 1247671 or Old Maverick other than Encumbrances disclosed to and permitted by the Bank;

- (c) Immediately after the completion of the Amalgamation and from that date to the date of this Agreement, no default or event of default had or has occurred or is continuing under the Security; and
- (d) All corporate by-laws and directors' resolutions of Old 1247671 or Old Maverick in effect immediately prior to the amalgamation authorizing the grant of security constituted by the Security, continue to apply with full force and effect to Amalco and, all of the documents, agreements and instruments (including without limitation, all account operating agreements, verification agreements and other similar documents) in effect between Old 1247671 or Old Maverick and the Bank immediately prior to the amalgamation are binding upon and enforceable against Amalco except to the extent that Amalco and the Bank have expressly agreed otherwise in writing.

3. General Provisions

- 3.01 The Bank may from time to time grant time, renewals, extensions, indulgences, releases and discharges to, cease or refrain from giving credit or making loans or advances to, accept compositions from and otherwise deal with Amalco and with any and all security held by the Bank as the Bank may see fit, and may apply all monies at any time received from Amalco or any others or from any security held by the Bank for any indebtedness of Amalco as the Bank deems best, the whole without in any way limiting or lessening the obligations of Amalco under this Agreement or in respect of any other agreement that Amalco may have with the Bank.
- 3.02 Amalco hereby waive and release any and all rights to subrogation until the any and all indebtedness of Amalco is repaid in full.
- 3.03 This Agreement shall enure to the benefit of and be binding upon the parties hereto, and their respective administrators, successors and assigns.
- 3.04 The parties hereto agree that time shall be of the essence in this Agreement.
- 3.05 This Agreement shall be interpreted and enforced in accordance with the Laws of the Province of British Columbia.
- 3.06 This Agreement may be executed in counterpart and shall be binding and enforceable against any party executing it, notwithstanding that another party has failed to execute this Agreement.
- 3.07 This Agreement may be executed and be delivered facsimile or other electronic means.

This is **Exhibit "E"** referred to in the affidavit of Jasdeep Chohan sworn before me at **Calgary, AB** this 16th day of March, 2026.

Handwritten signature of A.C.G. Fader in black ink, written over a horizontal line.

A Commissioner for taking Affidavits
For **Alberta**

ALEC FADER
Student-At-Law

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(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

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

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

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

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

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

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

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situated 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 situated, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

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

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

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

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

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any 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 situated) 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 to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

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

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

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

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

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

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

(ii) shall secure the "indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "indebtedness" of the amalgamated company to 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 MAVERICK VINEYARDS INC.			
ADDRESS OF BUSINESS DEBTOR 3974 HIGHWAY 97	CITY OLIVER	PROVINCE BC	POSTAL CODE V0H 1T1

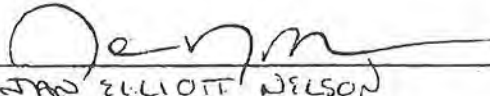
TRADE NAME (IF APPLICABLE)

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

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 27th day of April, 2020

MAVERICK VINEYARDS INC.

WITNESS: 
Christy Lewis
Barrister & Solicitor
200 - 537 Leon Ave.
Kelowna, BC V1Y 2A9


JAN ELLIOTT NELSON



WITNESS



BRANCH ADDRESS

KELOWNA-OKANAGAN CFS 1665 ELLIS ST SUITE 201 KELOWNA BC V1Y 2B3
--

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

NIL

SCHEDULE "B"

1. Locations of Debtor's Business Operations

3974 HIGHWAY 97
OLIVER BRITISH COLUMBIA
VOHITI

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

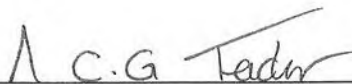
3974 HIGHWAY 97
OLIVER BRITISH COLUMBIA
VOHITI

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

3974 HIGHWAY 97
OLIVER BRITISH COLUMBIA
VOHITI

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

This is **Exhibit "F"** referred to in the affidavit of Jasdeep Chohan sworn before me at **Calgary, AB** this 16th day of March, 2026.

A handwritten signature in black ink that reads "A.C.G. Fader". The signature is written in a cursive style with a horizontal line underneath the text.

A Commissioner for taking Affidavits
For **Alberta**

ALEC FADER
Student-At-Law

LAND TITLE ACT
FORM B (Section 225)

Apr-27-2020 14:50:26.001

CA8158220 CA8158221

MORTGAGE - PART 1 Province of British Columbia

PAGE 1 OF 6 PAGES

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

Margot Lyle McMillan JHZQ3U	Digitally signed by Margot Lyle McMillan JHZQ3U Date: 2020.04.27 09:34:42 -07'00'
-----------------------------------	---

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

McMILLAN DUBO LLP

Lawyers

320 - 301 Victoria Street

Kamloops

BC V2C 2A3

Phone (778) 765-1701

File No. 100-978

MLM/bm

Document Fees: \$149.74

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID] [legal description]

003-005-798 LOT 1 DISTRICT LOT 2450S SDYD PLAN 34148

STC? YES

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

MAVERICK VINEYARDS INC.

3974 HIGHWAY 97

OLIVER

V0H 1T1

BRITISH COLUMBIA

CANADA

Incorporation No

BC1246139

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

ROYAL BANK OF CANADA

36 YORK MILLS ROAD, FOURTH FLOOR

TORONTO

CANADA

ONTARIO

M2P 0A4

5. PAYMENT PROVISIONS:

(a) Principal Amount: \$3,175,000.00	(b) Interest Rate: See Schedule	(c) Interest Adjustment Date: N/A	Y	M	D
(d) Interest Calculation Period: See Schedule	(e) Payment Dates: See Schedule	(f) First Payment Date: On Demand			
(g) Amount of each periodic payment: On Demand	(h) <i>Interest Act</i> (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is N/A % per annum.	(i) Last Payment Date: On Demand			
(j) Assignment of Rents which the applicant wants registered? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> If YES, page and paragraph number: See Schedule - Pages 3 through 5, Paragraphs 1 through 16	(k) Place of payment: Postal Address in Item 4	(l) Balance Due Date: On Demand			

MORTGAGE - PART 1

6. MORTGAGE contains floating charge on land ?
YES NO

7. MORTGAGE secures a current or running account ?
YES NO

8. INTEREST MORTGAGED:
Fee Simple
Other (specify)

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

(a) Prescribed Standard Mortgage Terms

(b) Filed Standard Mortgage Terms

D F Number: MT190017

(c) Express Mortgage Terms

(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

SEE SCHEDULE

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

SRW KK42849; SRW LB351145; SRW CA5497667

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

CHRISTY LOVIG
Barrister & Solicitor
200-537 LEON AVE.
KELOWNA, BC V1Y 2A9

Execution Date		
Y	M	D
20	04	27

Borrower(s) Signature(s)

MAVERICK VINEYARDS INC.,
by its authorized signatory(ies):

JAN ELLIOTT NELSON

(AS TO ALL SIGNATURES)

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM E****SCHEDULE**

PAGE 3 OF 6 PAGES

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

5. PAYMENT PROVISIONS**5(b) Interest Rate:**

Royal Bank Prime Rate plus 7.00% per annum

5(d) Interest Calculation Period:

Monthly, calculated on the outstanding daily balance

5(e) Payment Dates:

Principal: On Demand

Interest: 20th day of every month or as otherwise specified by Mortgagee

5(j) Assignment of Rents:**1. DEFINITIONS**

In this Mortgage:

"Indebtedness" means the Principal Amount of the Mortgage and all interest thereon and all other indebtedness, liability or obligations of the Mortgagor to the Mortgagee from time to time secured by this Mortgage.

"Leases" means each and every written or unwritten agreement to lease, lease renewal, tenancy agreement, licence and right of occupancy made or to be made, or granted or to be granted with respect to the Mortgaged Land or any part thereof, now or in the future.

"Rents" means all rents and other payments due or accruing due or at any time hereafter to become due pursuant to the Leases and benefit of all guarantees of payment and all covenants to pay therein contained.

2. The Mortgagor will, without demand, promptly deliver to the Mortgagee a true copy of each of the Leases and give to the Mortgagee full information relating to each of the Leases.

3. The Mortgagor hereby assigns to the Mortgagee all Rents, for the Mortgagee to have and to hold until the Indebtedness and all obligations of the Mortgagor in respect of this Mortgage have been fully paid and satisfied.

4. The Mortgagor hereby grants to the Mortgagee full power and authority to enter upon the Mortgaged Land to collect the Rents, to serve demands on the holders of the Leases in respect of payment of the Rents and to demand, collect, sue for, distrain for, recover and give receipts for the Rents, and to enforce payment of the Rents and performance of the said guarantees of payment and covenants to pay, in the Mortgagee's own name or in the name of and as agent for the Mortgagor, as the Mortgagee may elect, and hereby grants to the Mortgagee irrevocable authority to join the Mortgagor in any such proceedings or actions.

LAND TITLE ACT
FORM E

SCHEDULE

PAGE 4 OF 6 PAGES

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

5. Although this is a present and absolute assignment, (subject to defeasance on repayment of the Indebtedness), the Mortgagor, as agent for the Mortgagee, will be entitled to collect and retain the Rents as and when they become due and payable according to the terms of the Leases until there is a default in the observance or performance by the Mortgagor of any term, covenant, agreement, proviso or condition of this Mortgage or of any other collateral security; PROVIDED that this paragraph shall not relieve the Mortgagor from the observance and performance of the Mortgagor's obligations hereunder.
6. In the event of default by the Mortgagor under the Mortgage, proceedings may, at the option of the Mortgagee, be taken under this assignment of rents either independently or in conjunction with the other rights and remedies of the Mortgagee under this Mortgage.
7. Nothing herein contained shall be deemed to have the effect of making the Mortgagee responsible for the collection of the Rents or for the observance or performance of any of the provisions of the Leases either by the Mortgagor or by any holders of the Leases, or of rendering the Mortgagee a mortgagee in possession of the Mortgaged Land or in any way accountable or liable as such, or of imposing any obligation on the Mortgagee to take any action or exercise any remedy in the collection or recovery of the Rents.
8. The Mortgagee will be liable to account for only such moneys as it actually receives pursuant to this assignment of rents, including such portions thereof as may be expended by the Mortgagee on collection charges, inspection fees, costs as between solicitor and client, and other expenses to which the Mortgagee may be put in respect thereof, and the balance of such moneys, when so received by the Mortgagee, will be applied on the account of the Indebtedness.
9. Without limiting the generality of Section 35 of the Filed Standard Mortgage Terms which form part of this Mortgage, the giving of this assignment of rents is by way of additional and collateral security for the Indebtedness and not in substitution for or satisfaction of any other collateral security and will not in any way derogate from or delay or prejudice any rights or remedies to which the Mortgagee may be entitled under any other security collateral hereto and will not in any way prejudice or limit the obligations of the Mortgagor under any such other security.
10. The Mortgagor will not at any time during the existence of this Mortgage, without the prior written consent of the Mortgagee:
- a. assign, pledge, or otherwise encumber the Leases or the Rents, or any of them, and will not knowingly do or omit to be done or permit to be done any act which either directly or indirectly has the effect of waiving, releasing, reducing or abating any of the Mortgagor's rights or remedies or the obligations of any other party under or in connection with the Leases;
 - b. terminate, accept a surrender of, or amend the Leases in any manner, or permit any assignment or extension of any of the Leases or any subletting thereunder; or
 - c. receive or permit any prepayment of the Rents under the Leases.

**LAND TITLE ACT
FORM E****SCHEDULE**

PAGE 5 OF 6 PAGES

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

11. The Mortgagor will execute and deliver such further assurances, assignments, notices or other documents as the Mortgagee may reasonably require from time to time to render this assignment of rents effective.

12. At the request of the Mortgagee from time to time, the Mortgagor will give any other party to any of the Leases actual written notice of this assignment of rents, and will use the Mortgagor's best effort to obtain from such party an acknowledgement of any such notice; but nothing in this paragraph shall oblige the Mortgagee to make any such request.

13. There are to the knowledge of the Mortgagor no existing or future rights of set-off, assignment, commutation or prepayment with respect to the Rents.

14. To the knowledge of the Mortgagor, there have been no defaults under any of the now existing Leases by the Mortgagor or by any of the holders of the Leases, and there are no outstanding disputes pursuant to such Leases.

15. The Mortgagor will at all times observe and perform all the Mortgagor's obligations under the Leases.

16. The Mortgagor now has good and sufficient power, authority and right to assign the Rents and other benefits referred to herein in the manner aforesaid according to the true intent and meaning of this assignment of rents.

10. ADDITIONAL OR MODIFIED TERMS

This mortgage is granted for valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Mortgagor) as general and continuing collateral security for payment and satisfaction of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, of whatsoever nature and kind and howsoever arising, at any time and from time to time owing or payable by the Mortgagor (or either or any of them) to the Mortgagee, all as may be more fully set forth in the Filed Standard Mortgage Terms (referred to in Item 9 of Form B) which form part of this Mortgage and Defeasance Option #3 under Section 3 of the said Filed Standard Mortgage Terms applies to this Mortgage, and in interpreting this Mortgage, Section entitled "Advances" of the said Filed Standard Mortgage Terms shall be read subject to the following:

NOTICE IS HEREBY GIVEN to every person dealing with the title to the Mortgaged Land that the liabilities secured by this Mortgage include, without limiting the generality of any other provisions hereof, the liabilities of the Mortgagor to the Mortgagee with respect to any bankers' acceptances from time to time issued by the Mortgagor and accepted by the Mortgagee and with respect to any letters of credit or letters of guarantee from time to time issued by the Mortgagee at the request of the Mortgagor and that advances by the Mortgagee not exceeding from time to time the aggregate amount referred to herein are contemplated and secured by this Mortgage and that with respect to

LAND TITLE ACT
FORM E

SCHEDULE

PAGE 6 OF 6 PAGES

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

any such bankers' acceptances and any such letters of credit or letters of guarantee, the Mortgagee is hereby and thereby required, subject to the defences available to any obligant thereunder, from the date of acceptance of each such bankers' acceptance and from the date of issuance of each such letter of credit or letter of guarantee, to make the advances contemplated therein in accordance with the terms thereof.

The following shall be added immediately following Section 8 of the Filed Standard Mortgage Terms:

"8A. PROHIBITIONS

Without the prior written consent of the Mortgagee, the Mortgagor shall not and shall not have the power to:

(a) Grant, create or permit to be created any mortgage, charge or security interest in encumbrances or lien over, or claim against the Mortgaged Land or any part thereof which ranks or could in any event rank in priority to or pari passu with the charge of this Mortgage; or

(b) Issue or have outstanding at any time any secured or unsecured bonds, debentures, debenture stock or other evidences of indebtedness of the Mortgagor or of any predecessor in title of the Mortgagor issued under a trust deed or other instrument running in favour of a trustee."

The following shall be added immediately following Section entitled "Additional Acceleration Provisions" of the said Filed Standard Mortgage Terms:

IMMEDIATE PAYMENT AND PREPAYMENT

The Mortgagee may exercise its rights and remedies hereunder immediately upon default, and the Mortgagor hereby confirms that except as may be expressly otherwise provided herein or in any other written agreement between the Mortgagor and the Mortgagee contemplating the granting of this Mortgage, the Mortgagee has not given any covenant, express or implied, and is under no obligation to allow the Mortgagor any period of time to remedy any default prior to the Mortgagee exercising its rights and remedies hereunder.

Any right or option contained in the said Filed Standard Mortgage Terms to prepay or repay prior to the date of final payment hereunder the whole balance or any portion of the principal monies remaining unpaid hereunder may only be exercised in the absence of any agreement to the contrary with respect to all or any portion of the debts, liabilities and obligations from time to time secured hereby.

NEW WESTMINSTER LAND TITLE OFFICE

LAND TITLE ACT BRITISH COLUMBIA
FORM 17 CHARGE, NOTATION OR FILING Jun-04-2019 13:24:53.002
LAND TITLE AND SURVEY AUTHORITY

MT190017

PAGE 1 OF 15 PAGES

- Your electronic signature is a representation by you that:
 - you are a subscriber, and
 - you have incorporated your electronic signature into
 - this electronic application, and
 - the imaged copy of each supporting document attached to this electronic application,
 and have done so in accordance with Sections 168.3 and 168.41(4) of the *Land Title Act*, RSBC 1996, C.250.
 - Your electronic signature is a declaration by you under Section 168.41 of the *Land Title Act* in respect of each supporting document required in conjunction with this electronic application that:
 - the supporting document is identified in the imaged copy of it attached to this electronic application;
 - the original of the supporting document is in your possession; and
 - the material facts of the supporting document are set out in the imaged copy of it attached to this electronic application.
- Each term used in the representation and declaration set out above is to be given the meaning ascribed to it in Part 10.1 of the *Land Title Act*.

Jessica Jane Fisher XKKDJF	Digitally signed by Jessica Jane Fisher XKKDJF Date: 2019.06.04 13:06:18 -07'00'
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1. APPLICANT: (Name, address, phone number of applicant, applicant's solicitor or agent)

McMILLAN DUBO, LLP

LAWYERS

320 - 301 VICTORIA STREET

KAMLOOPS

BC V2C 2A3

Phone (778) 765-1701

File 100-514

MLM/jc

Document Fees: \$29.66

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [legal description]

NO PID NMBR NOT APPLICABLE

STC? YES

3. NATURE OF CHARGE, NOTATION, OR FILING: AFFECTED CHARGE OR NOTATION NO:

STANDARD MORTGAGE TERMS

ADDITIONAL INFORMATION:

NATURE OF CHARGE, NOTATION, OR FILING: AFFECTED CHARGE OR NOTATION NO:

ADDITIONAL INFORMATION:

4. PERSON TO BE REGISTERED AS CHARGE OWNER: (including occupation(s), postal address(es) and postal code(s))

ROYAL BANK OF CANADA

88 QUEENS QUAY WEST, 17TH FLOOR,

TORONTO

ONTARIO

M5J 0B8



STANDARD MORTGAGE TERMS MT _____

FILED BY: THE ROYAL BANK OF CANADA

The following set of standard mortgage terms is deemed to be included in and form a part of every mortgage in which this set is referred to by and adopted by reference to its filing number, as provided by Section 219.1 of the Act.

1. DEFINITIONS

In this set of standard mortgage terms and every instrument in Form B under the Regulation which adopts it by reference to its filing number and in all schedules and addenda to each such Form B:

"Act" means the Land Title Act, R.S.B.C. 1979, c. 219, as amended.

"Amount of Each Periodic Payment" means the amount set out in Item 5(g) of Form B. "Balance Due Date"

means the date or time set out in Item 5(1) of Form B.

"First Payment Date" means the date set out in Item 5(f) of Form B.

"Form B" means each and any form identified by the heading and in the form of "Form B" in Schedule A to the Regulation which refers to this set of standard mortgage terms by this set's filing number.

"Guarantee" means any guarantee or guarantees collaterally secured, in whole or in part, by this Mortgage and any modifications, renewals or replacements of the said guarantee or guarantees from time to time.

"Interest Adjustment Date" means the date set out in Item 5(c) of Form B. "Interest

Rate" means the rate of interest set out in Item 5(b) of Form B. "Last Payment Date"

means the date set out in Item 5(l) of Form B. "Mortgage" means the mortgage created by Part 1 and Part 2 together.

"Mortgagor" means the party or parties described in Part 1 as the "Borrower(s) [Mortgagor(s)]"; "Mortgagee" means the party or parties described in Part 1 as the "Lender(s) [Mortgagee(s)]".

"Mortgaged Land" means the lands and premises or the Mortgagor's interest therein described in Part 1 as the lands and premises charged by the Mortgage together with all benefits, easements, licences, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the Land Transfer Form Act (British Columbia) together with all buildings, erections, fixtures and improvements fixed or otherwise now on or hereafter put upon such lands including, but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, elevators, escalators, furnaces, light fixtures, boilers, pressure vessels, appliances, stoves, dishwashers, refrigerators, washers, dryers, and wall to wall carpets, now or hereafter installed in the lands and premises or used in connection therewith, whether or not attached to the premises other than by their own weight, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto.

"Note" means any promissory note or notes collaterally secured, in whole or in part, by this Mortgage and any modifications, renewals or replacements of the said note or notes from time to time.

"Part 1" means all of the terms, conditions and other *information* contained in Form B and any schedule or attachment to Form B and which does not form a part of Part 2.

"Part 2" means this set of standard mortgage terms.

"Payment Dates" means those dates or days set out in Item 5(e) of Form B.

"Personal Loan Base Rate" or "Personal Loan Base Rate of the Mortgagee" means 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 personal loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Personal Loan Base Rate of the Mortgagee applicable as at any time or times a certificate in writing of the manager for the time being of the branch or unit of the Mortgagee responsible for the collection of the monies secured by this Mortgage, setting forth the Personal Loan Base Rate as at any time or times, shall be, and shall be deemed to be, conclusive evidence as to the Personal Loan Base Rate as set forth in the certificate.

"Place of Payment" means the address set out or referred to in Item 5(k) of Form B.

"Prime" or "Prime Interest Rate of the Mortgagee" means 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 Prime Interest Rate of the Mortgagee applicable as at any time or times a certificate in writing of the manager for the time being of the branch or unit of the Mortgagee responsible for the collection of the monies secured by this Mortgage, setting forth the Prime Interest Rate of the Mortgagee as at any time or times, shall be, and shall be deemed to be, conclusive evidence as to the Prime Interest Rate of the Mortgagee as set forth in the certificate.

"Principal Amount" means the amount set out in Item 5(a) of Form B. "Regulation" means the Land Title (Transfer Forms) Regulation, B.C. Reg. 53/90.

2. CHARGE

The following charging provision applies only if a specific mortgage and charge on the Mortgaged Land is not included in Part 1:

THE MORTGAGOR HEREBY grants, mortgages and charges to and in favour of the Mortgagee all right, title and interest of the Mortgagor in and to the Mortgaged Land as security for the payment to the Mortgagee of the principal and interest and all other monies and the performance or fulfillment of all liabilities and obligations secured by this Mortgage upon the terms set out in this Mortgage.

3. DEFEASANCE

If no specific defeasance provision is included in Part 1 and one of the following defeasance options is specified in Part 1, the defeasance option so specified will apply to this Mortgage:

DEFEASANCE OPTION #1**DEMAND**

PROVIDED this Mortgage to be void on payment to the Mortgagee ON DEMAND at the Place of Payment or at such other place as the Mortgagee may from time to time require of the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate calculated on the outstanding daily balance thereof or on so much thereof as remains from time to time unpaid, payable monthly as well after as before maturity, default and judgment until the whole of the Principal Amount is paid, on the 20th day of each and every month or on such other date as may be specified by the Mortgagee. The Mortgagor will pay interest at the Interest Rate on overdue interest on the same dates as current interest is payable as aforesaid.

AND taxes and performance of statute labour.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice or bonus, to repay the whole balance of the principal monies remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments.

DEFEASANCE OPTION #2**FIXED RATE - BLENDED PAYMENTS**

PROVIDED this Mortgage to be void on payment to the Mortgagee at the Place of Payment or at such other place as the Mortgagee may from time to time require in lawful money of Canada of the Principal Amount and interest as follows:

The Mortgagor will pay the Principal Amount in lawful money of Canada plus interest thereon at the Interest Rate, calculated monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Amount, and without days of grace, in equal consecutive monthly blended instalment payments of principal and interest in the Amount of Each Periodic Payment, commencing on the First Payment Date and continuing monthly thereafter on the Payment Dates until the Last Payment Date, on which date the balance, if any, of the Principal Amount and interest then unpaid shall become due and payable.

The Mortgagor will pay interest at the Interest Rate on any defaulted instalment from the date of default until paid. If any instalment is not paid on the due date, the entire balance of the Principal Amount and interest accrued thereon and all other monies secured by this Mortgage shall immediately become due and payable, at the option of the Mortgagee. Interest on overdue interest and on arrears of principal shall be payable on demand.

For purposes of the Interest Act of Canada, it is understood, agreed and declared that the amount of principal money hereby secured is the Principal Amount and the rate of interest chargeable thereon, calculated half yearly, not in advance, is the rate set forth in Item 5(h) of Form B.

In the event that the monies secured hereby are advanced by the Mortgagee more than one month prior to the First Payment Date or any extension of that date granted by the Mortgagee, interest at the aforesaid rate on the amount of the advance computed from the date of such advance until the date which is one month prior to the First Payment Date or any extension of that date granted by the Mortgagee shall become due and be paid on the date which is one month prior to the First Payment Date or any extension of that date granted by the Mortgagee.

In the event that the monies secured hereby are advanced at any time after the date which is one month prior to the First Payment Date, the Mortgagee may at its option extend the time for the commencement of monthly payments hereunder until such date as the Mortgagee may specify in the month following the date of advance, in which event the dates upon which the balance of payments are due hereunder shall be similarly extended.

AND taxes and performance of statute labour.

PROVIDED and it is hereby further agreed by and between the Mortgagor and the Mortgagee that in addition to any other provisions of this Mortgage or of the Note or of any other agreement between the Mortgagor and the Mortgagee, the entire balance of the Principal Amount together with accrued interest thereon and all other monies secured by this Mortgage shall forthwith become due and payable at the option of the Mortgagee upon the occurrence of any of the following events:

- (a) if any payment of principal or interest or both as provided herein is not paid when due or any other monies secured by this Mortgage are not paid when due;
- (b) if the Mortgagor is in default under any other term or provision of this Mortgage or of the Note;
- (c) if the Mortgagor fails to observe or perform any other term or provision of any other agreement with the Mortgagee concerning the indebtedness collateral secured hereby;
- (d) if any representation or warranty made by the Mortgagor to the Mortgagee relating to the amount due under the Note is found at any time to be incorrect in any material respect;
- (e) if the Mortgagor becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against the Mortgagor, or any authorized assignment for the benefit of creditors is made by the Mortgagor, or if a receiver or trustee for the Mortgagor or for any of the assets of the Mortgagor is appointed, or if there is instituted by or against the Mortgagor any other type of insolvency proceedings under the Bankruptcy Act of Canada or otherwise;
- (f) if the Mortgagor ceases or threatens to cease to carry on a major part of its business as presently conducted;
- (g) if the Mortgagee in good faith believes that the prospect for repayment of all or any part of the amount due under the Note is impaired; or
- (h) if legal implications arise which, in the opinion of the Mortgagee, may be detrimental to the security value of this Mortgage or of any other security held by the Mortgagee for any indebtedness of the Mortgagor to the Mortgagee.

The Mortgagor shall not be entitled to prepay the monies secured hereby otherwise than as set forth herein or in the Note or as otherwise agreed in writing with the Mortgagee.

DEFEASANCE OPTION #3**CURRENT OR RUNNING ACCOUNT**

PROVIDED this Mortgage to be void on payment to the Mortgagee ON DEMAND at the Place of Payment or at such other place as the Mortgagee may from time to time require of the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate calculated on the outstanding daily balance thereof or on so much thereof as remains from time to time unpaid, payable monthly as well after as before maturity, default and judgment until the whole of the Principal Amount is paid, on the 20th day of each and every month or on such other date as may be specified by the Mortgagee. The Mortgageor will pay interest at the Interest Rate on overdue interest on the same dates as current interest is payable as aforesaid.

AND taxes and performance of statute labour.

THIS MORTGAGE is made to secure a current or running account and shall not be deemed to have been redeemed by reason only that:

- (i) advances made under it are repaid, or
- (ii) the account of the Mortgageor with the Mortgagee ceases to be in debit,

and this Mortgage remains effective as security for any and all further advances at any time made by the Mortgagee; PROVIDED that nothing herein contained shall prevent the Mortgageor from demanding and receiving from the Mortgagee at the Mortgageor's expense a discharge of this Mortgage at any time when there are no monies owing or liabilities outstanding to the Mortgagee from the Mortgageor.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice or bonus, to repay the whole balance of the principal monies remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments.

DEFEASANCE OPTION #4**GUARANTEE AND POSTPONEMENT OF CLAIM**

PROVIDED this Mortgage to be void on either of the following events:

- (a) release by the Mortgagee of the obligations of the Mortgageor as set forth in the Guarantee; or
- (b) payment to the Mortgagee ON DEMAND at the Place of Payment or at such other place as the Mortgagee may from time to time require of the amount demanded by the Mortgagee under the Guarantee, up to an amount not to exceed the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate from the date of demand for payment, calculated on the outstanding daily balance thereof and compounded monthly until payment in full, and all costs, expenses and charges arising out of or connected with the said amount demanded or otherwise payable hereunder.

AND taxes and performance of statute labour.

THIS MORTGAGE is made to secure a current or running account and shall not be deemed to have been redeemed by reason only that:

- (i) advances made under it are repaid, or
- (ii) the account of the Mortgageor with the Mortgagee or the account of the customer named in the Guarantee with the Mortgagee ceases to be in debit,

and this Mortgage remains effective as security for any and all further advances at any time made by the Mortgagee; PROVIDED that nothing herein contained shall prevent the Mortgageor from demanding and receiving from the Mortgagee at the Mortgageor's expense a discharge of this Mortgage at any time when there are no monies owing or liabilities outstanding to the Mortgagee from the Mortgageor or from the customer named in the Guarantee.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice or bonus, to repay the whole balance of the principal monies remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments.

If no specific defeasance provision is included in Part 1 and none of the defeasance options set forth above is specified in Part 1, defeasance option #1 above shall apply. When one of the defeasance options set forth above applies to this Mortgage, none of the provisions of any other of the said defeasance options shall apply.

4. LAND TRANSFER FORM ACT

This Mortgage is made pursuant to Part 3 of the Land Transfer Form Act (British Columbia).

5. APPLICATION OF PAYMENTS

Any blended or combined instalments of principal and interest payable under this Mortgage will be applied firstly to interest from time to time outstanding and the balance of the said instalments shall be applied on account of principal; except, however, in the case of default by the Mortgageor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between interest, principal, taxes, insurance premiums, repairs or other advances made on behalf of the Mortgageor and except in the case of any partial payments by the Mortgageor, which may be applied against principal or interest or otherwise as the Mortgagee may determine.

6. COMPOUND INTEREST

It is agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, interest shall be payable thereon and the sum in arrears for interest from time to time, as well after as before maturity or judgment, shall itself bear interest at the rate stipulated in Part 1, and in case the interest and compound interest are not paid on the next interest payment date after the date of default, a rest shall be made and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity or judgment, and so on from time to time, and all such interest and compound interest shall be a charge upon the Mortgaged Land.

7. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Mortgaged Land it is mutually agreed between the parties to this Mortgage that:

- (a) The Mortgagor shall pay all taxes as they fall due and will provide the Mortgagee with receipts confirming payment of same as the Mortgagee may require;
- (b) The Mortgagee may deduct from the final advance of the monies secured by this Mortgage an amount sufficient to pay the taxes which have become or will become due and payable on or before the date for the adjustment of interest and are unpaid at the date of such final advance;
- (c) After the date for the adjustment of interest, the Mortgagor shall, if directed by the Mortgagee, pay to the Mortgagee in monthly instalments on the dates on which instalments of principal and/or interest are payable under this Mortgage, sums which in the sole opinion of the Mortgagee will be sufficient to enable the Mortgagee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof; and the Mortgagor shall also pay the Mortgagee on demand the amount, if any, by which the annual taxes exceed such estimated amount;
- (d) The Mortgagee will apply such deduction and payments on the taxes chargeable against the Mortgaged Land so long as the Mortgagor is not in default under any covenant, proviso or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly; provided, however, that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as provided in this Mortgage, the Mortgagee may apply such sum or sums in or towards payment of the principal, interest and/or other amount in default. The Mortgagor further covenants and agrees to transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after their receipt by the Mortgagor; and
- (e) The Mortgagee may allow the Mortgagor interest at a rate determined by the Mortgagee from time to time on the average monthly balances standing 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 frequently than once each year; and the Mortgagor shall be charged and will pay 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.

8. LAND TRANSFER FORM ACT COVENANTS

In this paragraph 8 "land" means the Mortgaged Land. The

Mortgagor covenants with the Mortgagee:

- (i) That the Mortgagor will pay the mortgage money and interest and observe the above provisos; and will also pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the land or in respect thereof, no matter by whom or by what authority imposed, which the Mortgagee has paid or has been rendered liable to pay and shall also pay all other sums as the Mortgagee may be entitled to under this Mortgage;
- (ii) That the Mortgagor has a good title in fee simple to the land;
- (iii) That the Mortgagor has the right to convey the land to the Mortgagee;
- (iv) That on default the Mortgagee shall have possession of the land free from all encumbrances;
- (v) That the Mortgagor will execute such further assurances of the land as may be requisite;
- (vi) That the Mortgagor has done nothing to encumber the land;
- (vii) That the Mortgagor releases to the Mortgagee all his claims on the land subject to the proviso; and
- (viii) Provided that until default of payment, the Mortgagor shall have quiet possession of the land.

Clause 15 of Schedule 6 of the Land Transfer Form Act (British Columbia) is expressly excluded from this Mortgage.

9. AGREEMENT FOR SALE

The following provisions shall apply if the interest of the Mortgagor in the Mortgaged Land is that of a purchaser under an agreement for sale:

- (a) the Mortgagor represents that the Mortgagor is the purchaser under an agreement for sale of the Mortgaged Land as set out in Item 8 of Form B (the "Agreement for Sale");
- (b) the Mortgagor hereby grants, assigns and sets over to the Mortgagee the Agreement for Sale and all right, title and interest of the Mortgagor therein and thereunder and all benefits and advantages to be derived therefrom including the benefit of all covenants on the part of the vendor therein;
- (c) upon the Mortgagor becoming vested of the fee simple to the Mortgaged Land, this Mortgage shall increase to be a mortgage of the said fee simple;
- (d) the Mortgagor covenants with the Mortgagee to make all payments of principal and interest required to be made under the Agreement for Sale and to observe and perform all covenants, conditions and agreements on the part of the purchaser contained therein;
- (e) any default by the Mortgagor in observing or performing any of the terms or conditions of the Agreement for Sale including, without limitation, the making of payments thereunder when the same become due shall constitute a default under this Mortgage and the balance of principal, interest and other monies secured by this Mortgage shall, at the option of the Mortgagee, become immediately due and payable and the Mortgagee may exercise any and all of its rights or remedies under this Mortgage and may, without incurring any liability in so doing, pay any monies due or remedy any default occurring under the Agreement for Sale and any monies expended by the Mortgagee for that purpose shall be added to the debt secured by this Mortgage and be a charge on the Mortgaged Land and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee; and
- (f) any discharge of this Mortgage pursuant to paragraph 34 shall operate as a re assignment to the Mortgagor of all right, title and interest of the Mortgagee in the Agreement for Sale.

10. INSURANCE

The Mortgagor will forthwith insure and during the continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, such insurable perils as are covered by an "all risks" policy and such other perils as the Mortgagee may require, to the full extent of their replacement cost each and every building comprised in the Mortgaged Land and which may hereafter be erected thereon, both during construction and thereafter, in lawful money of Canada with an insurance company duly authorized to carry on business as such and under policies satisfactory in form and content to the Mortgagee; and the policy or policies of insurance shall not contain co insurance clauses and the Mortgagor will forthwith deliver to the Mortgagee certified copies of the policy or policies of insurance and all renewal receipts thereto appertaining; without limiting the foregoing such policy or policies shall include the following insurance coverage:

- (a) "All risks" of direct physical loss or damage with respect to the Mortgaged Land and any moveables located thereon on a replacement cost basis with loss under each policy payable to the Mortgagee pursuant to the standard mortgage clause approved by the Insurance Bureau of Canada or otherwise approved by the Mortgagee, with preference in its favour over any claim of any other person; permission shall be granted thereby for the improvements to be vacant or unoccupied for a period of at least thirty (30) days and it shall provide for partial occupancy;
- (b) Comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air conditioning equipment, if any, including repair and full replacement costs for amounts satisfactory to the Mortgagee, with loss payable to the Mortgagee by way of a mortgage clause approved by the Mortgagee;
- (c) Business interruption or rental loss insurance covering perils insured in paragraphs (a) and (b) above acceptable to the Mortgagee for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the premises; and
- (d) Commercial general liability insurance, including personal injury, products, and completed operations subject to a limit per occurrence of not less than Two Million (\$2,000,000.00) Dollars, or such amount as the Mortgagee may reasonably require, inclusive of bodily injury, death or property damage.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clauses, are to provide for at least thirty (30) days prior notice to the Mortgagee of such cancellation.

Such policies shall also provide that the Mortgagee shall receive at least thirty (30) days prior notice of any material alteration of such policy.

The Mortgagee shall be entitled to require coverage of such other risks and perils as the Mortgagee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available. Should an insurer, at any time, cease to have the approval of the Mortgagee, the Mortgagor shall effect such new insurance as the Mortgagee may desire.

The Mortgagee is hereby irrevocably appointed by the Mortgagor as attorney of the Mortgagor to assign any policy of insurance in the event of the foreclosure of this Mortgage or other extinguishment of the indebtedness secured hereby.

The Mortgagor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Mortgagor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Mortgagee at least fifteen (15) days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Mortgagee, without prejudice to its other rights hereunder, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; provided that in no event shall the Mortgagee be liable for failure to have insurance placed or for any loss growing out of any defects in any policy, or for failure of any insurance company to pay for any loss or damage insured against.

Forthwith on the happening of any loss or damage, the Mortgagor will furnish at its 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 every such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee.

Any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the 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 said 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 on the mortgage debt or any part thereof whether due or not then due.

In the event that this Mortgage charges a Strata Lot or Strata Lots (as defined in paragraph 41 of this Mortgage) or land and buildings of the Mortgagor which have been or hereafter are subdivided into Strata Lots, the Mortgagor will, or will cause the Strata Corporation (as defined in paragraph 41 of this Mortgage), to observe and perform all covenants, provisos, agreements and conditions required to be observed and performed by the Mortgagor in this paragraph 10 if same are applicable, and will:

- (i) cause any insurance monies to be made payable to the Strata Corporation or, if any insurance trustees are designated by the By laws (as defined in this Mortgage), to the named insurance trustees, and to be made payable firstly to the Mortgagee in the event that the Strata Corporation resolves not to repair or replace the Strata Lot or Strata Lots as provided in the Condominium Act (British Columbia); and
- (ii) cause all applicable policies of insurance to contain a standard mortgage clause acceptable to the Mortgagee to be effective in the event that the Strata Corporation resolves not to repair or replace the damaged Strata Lot or Strata Lots; and if, in the reasonable opinion of the Mortgagee, the insurance carried by the Strata Corporation is deemed inadequate, the Mortgagee may require the Mortgagor to carry a separate policy of insurance on the Strata Lot or Strata Lots mortgaged under this Mortgage at his own cost.

In the event any of the provisions of this Mortgage are in conflict with those of the Fires Prevention (Metropolis) Act, 1774, the provisions of this Mortgage shall prevail and the Mortgagor hereby expressly waives any rights, privileges or benefits to which it would otherwise be entitled under such legislation or any legislation in replacement thereof.

11. COMPLIANCE WITH LEASES

The Mortgagor will observe promptly as lessor the terms and conditions contained in any and all leases and/or subleases of any portion of the Mortgaged Land and will not accept any prepayment of rent or other monies payable under any such lease and/or sublease or proposed lease and/or sublease in excess of the first or final month's rent.

12. ASSIGNMENTS OF RENTS AND LEASES; CHATTEL MORTGAGE

The Mortgagor covenants and agrees to execute and deliver to the Mortgagee from time to time as and when required by the Mortgagee (and in addition to any assignment of rents contained herein) assignments of leases and assignments of rents (subject to no prior claim or assignment) with respect to any and all leases and agreements to lease of all or portions of the Mortgaged Land now or hereafter from time to time granted or entered into by the Mortgagor, all of such assignments to be held by the Mortgagee as further security for the monies owing and secured under this Mortgage. The form and content of all leases and offers to lease relating to the Mortgaged Land or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Mortgagee. All of such leases, assignments of leases and assignments of rents as and when required by the Mortgagee shall, at the option of the Mortgagee, be registered in such places as the Mortgagee may require from time to time.

The Mortgagor covenants and agrees to execute and deliver to the Mortgagee from time to time as and when required by the Mortgagee a chattel mortgage charging or a security agreement creating a security interest in all chattels and personal property of whatsoever kind now or hereafter owned by the Mortgagor and situate on or used in connection with the Mortgaged Land, such chattel mortgage to be in favour of the Mortgagee, in form and content acceptable to the Mortgagee and to constitute at all times a valid first mortgage and charge on the said chattels and personal property, and such chattel mortgage or a security agreement creating a security interest in respect thereto shall, at the option of the Mortgagee, be registered in such places as the Mortgagee may require from time to time.

13. RELEASE

The Mortgagor has released, remised and forever quit claimed, and by this Mortgage does release, remise, and forever quit claim unto the Mortgagee all right, title, interest, claim and demand whatsoever of, unto and out of the Mortgaged Land hereby charged or intended so to be, and every part and parcel thereof, so that the Mortgagor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Mortgaged Land or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

14. FINANCIAL STATEMENTS

The Mortgagor further covenants with the Mortgagee to provide annually to the Mortgagee, should the Mortgagee so require, detailed financial statements of the income and expenses of the Mortgaged Land for each calendar year as applicable. Such statements shall be audited by a chartered accountant and provided within one hundred and twenty (120) days after the end of each calendar year, as applicable.

15. ENTRY AFTER DEFAULT

In the event of default in the payment of any principal, interest or any other amount payable under this Mortgage by the Mortgagor or on breach of any covenant, proviso or agreement contained in this Mortgage the Mortgagee may, at such times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon and take possession of the Mortgaged Land and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Land as the Mortgagee 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 under this Mortgage upon the Mortgaged Land and shall bear interest at the Interest Rate until paid.

16. POWER OF SALE

Provided that the Mortgagee on default of payment of any principal, interest or any other amount payable under this Mortgage or in the observing, performing, fulfilling or keeping of one or more of the covenants, agreements or conditions of the Mortgagor contained in this Mortgage may, without notice to or the concurrence of the Mortgagor, enter on and lease or sell the Mortgaged Land; and that the Mortgagee may lease or sell as aforesaid without entering into possession of the Mortgaged Land; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power, or that such power had been improperly or irregularly exercised, or that notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only; and that the Mortgagee may sell the whole or any part or parts of the Mortgaged Land by public auction or private contract, or partly one and partly the other, on such terms as to credit and otherwise as to the Mortgagee shall appear most advantageous and for such prices as can reasonably be obtained therefor; and that sales may be made from time to time of portions to satisfy interest or parts of the principal overdue, leaving the principal or balance thereof to run at interest, payable as aforesaid; and the Mortgagee may make any stipulations as to title, or evidence, or commencement of title, or otherwise, as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of any of the Mortgaged Land and re sell, without being answerable for loss occasioned thereby; and in the case of a sale on credit the Mortgagee shall only be bound to pay to the Mortgagor such monies as have been actually received from purchasers after the satisfaction of the Mortgagee's claim; and for any of such purposes the Mortgagee may make and execute all agreements and assurances the Mortgagee deems fit; and that the purchaser at any sale hereunder shall not be bound to see to the propriety or regularity thereof; and that no want of notice or of publication, if any, required hereby, shall invalidate any sale hereunder; and the Mortgagee will not be liable for any loss which may arise by any such leasing or sale as aforesaid; provided that, notwithstanding the power of sale or leasing and other powers and provisions of this clause, the Mortgagee will have and be entitled to its right of foreclosure of the equity of redemption of the Mortgagor in the Mortgaged Land and any and all other remedies available to it as fully as if said powers and provisions had not been contained herein or acted upon.

E FORM 129 (05/2019)

And it is further agreed between the parties to this Mortgage that until such sale or sales shall be made as aforesaid, the Mortgagee shall and will stand possessed of the rents and profits of the Mortgaged Land in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Mortgaged Land or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, or leases, secondly all costs, charges, damages and expenses of the Mortgagee relating to taxes, prior charges, rents, insurance, repairs, utilities and any other amounts which the Mortgagee may have paid relating to the Mortgaged Land, thirdly in discharge of all interest and costs then due in respect of this Mortgage, fourthly in discharge of the principal money secured by this Mortgage, fifthly in payment of subsequent encumbrances according to their priorities and the residue shall be paid to the Mortgagor as it may direct and shall also in such event, at the request, cost and charge of the Mortgagor transfer, release and assure to the Mortgagor or to such person or persons as it shall direct and appoint, all such parts of the Mortgaged Land as shall remain unsold for the purposes aforesaid, discharged from all this Mortgage, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode.

17. DISTRESS

Provided that if default shall be made in payment of any part of the principal, interest or other monies secured by this Mortgage at any day or time limited in this Mortgage for the payment thereof, it shall and may be lawful for the Mortgagee, and the Mortgagor hereby grants full power and license to the Mortgagee, to enter, seize and distrain upon any goods upon the Mortgaged Land and by distress warrant to recover by way of rent reserved as in the case of a demise of the Mortgaged Land as much of the said principal, interest or other monies secured by this Mortgage as shall from time to time be or remain in arrears or unpaid, together with all costs, charges and expenses (including without limitation costs as between solicitor and his own client) related to such levy or distress as in like cases of distress for rent; and as a part of the consideration for the advance of the principal sum secured by this Mortgage the Mortgagor hereby waives on the exercise of such power and license, all rights to exemption from seizure and distress under any law whatsoever.

18. SPECIFIED AND UNSPECIFIED LIABILITIES

It is hereby agreed that the Mortgagor has, for valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Mortgagor) created this Mortgage as collateral or additional security to further secure the repayment and satisfaction of any obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed (and interest thereon and interest on overdue interest) at any time owing by the Mortgagor or such other party or parties more particularly described in this Mortgage (such party or parties hereinafter referred to as the "Customer") or both, to the Mortgagee pursuant to any guarantees, obligations, notes, promissory notes or any other security instruments or evidences of indebtedness (including all additions thereto, deletions therefrom and substitutions therefor) held by the Mortgagee and as may be more particularly described in this Mortgage (such obligations, debts and liabilities hereinafter referred to as the "Specified Liabilities"). Subject to any statement in this Mortgage that this Mortgage is made as collateral or additional security only to those Specified Liabilities more particularly described in this Mortgage, this Mortgage shall also constitute a continuing collateral or additional security to further secure the repayment and satisfaction of all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed (and interest thereon and interest on overdue interest) at any time owing by the Mortgagor or the Customer or both to the Mortgagee and which are not Specified Liabilities (hereinafter referred to as the "Unspecified Liabilities"; the Specified Liabilities and Unspecified Liabilities (if any) collectively hereinafter referred to as the "Liabilities").

It is hereby agreed that any act done or omitted to be done by any of the parties hereto regarding any of the Liabilities shall not in any way affect or prejudice this Mortgage or the rights or remedies of the Mortgagee hereunder and this Mortgage shall remain and be in force until satisfaction thereof is made by payment of principal, interest, and all other amounts payable hereunder as if no other security was held by the Mortgagee.

Neither the execution and delivery of this Mortgage nor anything herein contained shall prejudice or affect any of the Liabilities but the same shall remain enforceable according to the tenor thereof.

No extension of time hereby or otherwise created shall affect or prejudice the rights of the Mortgagee as regards any of the Liabilities and the Mortgagee hereby reserves all its rights against all other persons, firms or corporations who may at any time be or become liable for the payment of principal, interest or any other amount payable hereunder or any part thereof hereby secured.

19. PRINCIPAL DUE ON DEFAULT

Provided that upon default of the payment of any principal or interest or any other monies payable under this Mortgage by the Mortgagor, or upon breach of any covenant, agreement or proviso herein contained, or upon breach of any covenant, agreement or condition contained in any security collateral to this Mortgage or any offer or commitment letter or other agreement in connection with this Mortgage, or upon any waste being committed or suffered on the Mortgaged Land, or upon the Mortgagor committing an act of bankruptcy within the meaning of the Bankruptcy Act (Canada) or becoming bankrupt or insolvent, or if a petition in bankruptcy is filed against the Mortgagor, or any authorized assignment for the benefit of creditors is made by the Mortgagor, or if a receiver or trustee for the Mortgagor or for any of the assets of the Mortgagor is appointed, or if there is instituted by or against the Mortgagor any other type of insolvency proceedings under the Bankruptcy Act (Canada) or otherwise, or should the Mortgagor be subject to the provisions of the Companies' Creditors Arrangement Act (Canada) or the Winding Up Act (Canada) or any other legislation for the benefit of creditors or relating to bankrupt or insolvent debtors, the whole of the monies secured by this Mortgage remaining unpaid shall, at the option of the Mortgagee, forthwith become due and payable and any occurrence as aforesaid shall constitute a breach of covenant pursuant to this Mortgage but waiver of or failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall not prejudice the Mortgagee's rights in the event of any future default or breach.

20. ADDITIONAL ACCELERATION PROVISIONS

PROVIDED that in addition to any other provisions of this Mortgage or of any of the Liabilities or of any other agreement with the Mortgagee, the entire balance of the principal secured hereby together with accrued interest thereon and any other amount payable hereunder and remaining unpaid shall forthwith become due and payable at the option of the Mortgagee upon the occurrence of any of the following events:

- (a) if any payment of principal or interest or both or any part thereof as provided herein is not paid when due or any other monies secured by this Mortgage are not paid when due;
- (b) if the Mortgagor or the Customer is in default under any term, covenant, agreement, proviso or condition of this Mortgage or any of the Liabilities or any evidence thereof or security therefor;
- (c) if the Mortgagor or the Customer fails to observe or perform any other term or provision of any other agreement with the Mortgagee concerning any of the Liabilities;
- (d) if the Mortgagor commits or suffers to be committed any waste on the Mortgaged Land;
- (e) if any representation or warranty made by the Mortgagor or the Customer to the Mortgagee relating to any amounts due under any of the Liabilities is found at any time to be incorrect in any material respect;
- (f) if the Mortgagor or the Customer becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against the Mortgagor or the Customer, or any authorized assignment for the benefit of creditors is made by the Mortgagor or the Customer, or if a receiver or trustee for the Mortgagor or the Customer or for any of the assets of the Mortgagor or the Customer is appointed, or if there is instituted by or against the Mortgagor or the Customer any other type of insolvency proceedings under the Bankruptcy Act of Canada or otherwise;
- (g) if the Mortgagor or the Customer ceases or threatens to cease to carry on a major part of its business conducted at the date of this Mortgage;
- (h) if the Mortgagee in good faith believes that the prospect for repayment of all or any part of any amounts due under any of the Liabilities is impaired;
- (i) if legal implications arise which, in the opinion of the Mortgagee, may be detrimental to the security value of this Mortgage (or of any of the Liabilities); or
- (j) in the event that this Mortgage has been executed by a corporation:
 - (i) if all or any part of the shares in the capital of the Mortgagor shall be issued or transferred by sale, assignment, bequest, inheritance, amalgamation, operation of law or any other manner of disposition so as to result in a change in the control of the Mortgagor, without the prior written consent of the Mortgagee, which consent may be withheld or declined for any reason whatsoever, and the Mortgagor agrees to provide reasonable notice to the Mortgagee of any anticipated or impending transaction which would require the consent of the Mortgagee pursuant to the terms of this clause;
 - (ii) if the Mortgagor, without the prior written consent of the Mortgagee, authorizes the purchase by the Mortgagor of any of its shares;
 - (iii) if a member of the Mortgagor commences an action against the Mortgagor which action relates to this Mortgage, or gives a Notice of Dissent to the Mortgagor in accordance with the provisions of the Company Act, R.S.B.C. 1979, Chapter 59, or amendments thereto or a similar notice by a shareholder under other applicable legislation;
 - (iv) if the Mortgagor carries on any business that it is restricted from carrying on by its constating documents;
 - (v) if the Mortgagor uses any of the funds advanced under this Mortgage for any purpose other than as declared to and agreed upon by the Mortgagee;
 - (vi) if the statutory declaration of the Secretary or other officer or director of the Mortgagor which accompanies this Mortgage contains any misstatement;
 - (vii) if an order is made, a resolution is passed or a motion is filed for the winding up of the Mortgagor;
 - (viii) if any proceedings with respect to the Mortgagor are commenced under the Companies' Creditors Arrangement Act; or
 - (ix) if in the opinion of the Mortgagee there is a material adverse change in the financial condition of the Mortgagor.

Waiver of or failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall not prejudice the Mortgagee's rights in the event of any future default or breach.

21. ADVANCES

The Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advance in part of the monies secured by this Mortgage, shall bind the Mortgagee to advance the said monies or any unadvanced portion thereof and that the advance of the said monies or any part thereof from time to time shall be in the sole discretion of the Mortgagee, and that all advances are to be made in such manner, at such times as and in such amounts up to the full amount of said monies as the Mortgagee in its sole discretion may determine, but nevertheless the charge of this Mortgage shall take effect forthwith upon the execution of this Mortgage by the Mortgagor and the expenses incurred by the Mortgagee in the examination of the title, valuation of the Mortgaged Land and preparation and registration of this Mortgage are secured by this Mortgage and constitute a charge upon the Mortgaged Land in the event of the whole or any part of the principal sum not being advanced, and the same are charged by this Mortgage upon the Mortgaged Land and shall be payable without demand forthwith at the Interest Rate and in default the Mortgagee's power of sale and all other remedies available to it shall be exercisable.

22. FIXTURES

It is hereby mutually covenanted and agreed by and between the parties hereto that all erections and improvements fixed or otherwise now on or hereafter put on the Mortgaged Land including, but without limiting the generality of the foregoing, all such erections and improvements described in the definition of Mortgaged Land in Part 2 of this Mortgage, are and shall, in addition to other fixtures on the Mortgaged Land, be and become fixtures and form part of the realty and shall be a portion of the security for the indebtedness under this Mortgage.

23. PARTIAL RELEASE

Provided that the Mortgagee may at all times release any part or parts of the Mortgaged Land or any other security or any surety for payment of all or any part of the monies secured by this Mortgage or may release the Mortgagor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, 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 part of the Mortgaged Land or any other securities or covenants in this Mortgage or elsewhere contained, it being especially agreed that notwithstanding any such release, the Mortgaged Land, securities and covenants remaining unreleased shall stand charged with the whole of the monies hereby secured and all legal and other expenses incurred by the Mortgagee in connection with such discharge.

24. DEFAULT IN PRIOR CHARGES

Provided that should default be made by the Mortgagor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge or other encumbrance to which this Mortgage is subject, then and in that event all of the monies secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and be payable, and all the rights, powers and remedies in and by this Mortgage conferred including the powers of sale contained in this Mortgage shall at the option of the Mortgagee become exercisable as provided in this Mortgage.

25. LIENS AND CONSTRUCTION

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not permit any lien to be acquired against the Mortgaged Land or fixtures thereon under the Builders Lien Act (British Columbia) or under any other statute or law at any time in force affecting the Mortgaged Land. Provided that upon the registration of any lien against the Mortgaged Land, or in the event of any buildings being constructed thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the full amount of the monies secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable.

26. INSPECTION

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

27. WASTE, VACANCY AND REPAIR

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not permit waste to be committed or suffered on the Mortgaged Land and that he will maintain the building and other improvements on the Mortgaged Land in good order and repair to the satisfaction of the Mortgagee and will not permit or suffer it to become or remain vacant, that he will comply with the terms of all policies of insurance in respect of the Mortgaged Land, and that the Mortgagee whenever it deems necessary, may by its surveyor or agent enter upon and inspect the Mortgaged Land, and the reasonable cost of such inspection shall be added to the debt secured by this Mortgage.

28. ALTERATIONS

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not make or permit to be made any alterations or additions to the Mortgaged Land without the consent of the Mortgagee.

29. NON MERGER

And it is agreed that the taking of a judgment or judgments on any covenants herein contained shall not operate as a merger of the said covenants or affect the right of the Mortgagee to interest at the rate and times herein provided in this Mortgage; and further that the said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in this Mortgage until the said judgment shall have been fully paid and satisfied.

30. OBLIGATIONS SURVIVE SALE

No sale or other dealing by the Mortgagor with the Mortgaged Land 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.

31. CHANGE IN CONTROL OF THE MORTGAGOR

The Mortgagor agrees that the principal sum secured by this Mortgage and all accrued interest shall at the option of the Mortgagee become immediately due and payable in full in the event that all or any part of the shares in the capital of the Mortgagor shall be issued or transferred by sale, assignment, bequest, inheritance, amalgamation, operation of law or any other manner of disposition so as to result in a change in the control of the Mortgagor corporation, without the prior written consent of the Mortgagee which consent may be withheld or declined for any reason whatsoever. The Mortgagor agrees to provide reasonable notice to the Mortgagee of any anticipated or impending transaction which would require the consent of the Mortgagee pursuant to the terms of this clause.

32. FAMILY LAW ACT

If the Mortgagor is an individual and has a spouse (as the word "spouse" is defined under the Family Law Act, S.B.C. 2011, chapter 25, as amended) then the Mortgagor represents and warrants that, at the time of granting this Mortgage, the Mortgagor has disclosed to the Mortgagee all interests of the Mortgagor's spouse in the Mortgaged Lands, whether those interests be legal or beneficial, registered or unregistered or otherwise. In the event that the Mortgagor's representation and warranty in this Section 32 is false then all monies secured by this Mortgage shall, at the option of the Mortgagee, become immediately due and payable.

33. PRIOR ENCUMBRANCES

And it is hereby agreed that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or to be claimed upon the Mortgaged Land, having or claiming priority over this Mortgage including any taxes, utility charges or other rates on the Mortgaged Land or any amounts payable to the Strata Corporation (as defined elsewhere in this Mortgage) 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 Land and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize this security, and all solicitor's charges or commissions for or in respect of the collection of any overdue instalments or any other monies whatsoever payable by the Mortgagor under this Mortgage, including without limitation costs as between solicitor and his own client, whether any action or other judicial proceeding to enforce such payment has been taken or not; and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under this Mortgage by the Mortgagee shall be added to the debt secured by this Mortgage and be a charge on the Mortgaged Land and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee; and the non payment of such amount shall be a default of payment hereunder and shall entitle the Mortgagee to exercise the powers and remedies provided to it under this Mortgage; and 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 the security of this Mortgage or otherwise, the Mortgagee shall be subrogated to and entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period

than six months if the Mortgagee deems it proper to do so.

34. EXTENSIONS; INTEREST INCREASES

Provided that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, or any other dealing by the Mortgagee with the owner of the equity of redemption of the Mortgaged Land shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for payment of the monies hereby secured; and that the terms of repayment of and the rate of interest payable under this Mortgage may be varied, extended, increased or decreased or otherwise amended as the Mortgagee and the then registered owner(s) of the Mortgaged Land may determine and agree in writing, from time to time and whether before, as at, or after the then maturity date of this Mortgage, and all of the same without prejudice to the rights of the Mortgagee against either the initial Mortgagor hereunder or any other person(s) liable for the payment of the monies secured by this Mortgage; further any alteration aforesaid may but need not be registered against the Mortgaged Land and whether or not so registered, this Mortgage, as so altered, shall rank in priority to any and all interests registered against the Mortgaged Land subsequent to the registration of this immediate mortgage document as if and to the extent that said alteration had been executed and registered, and all monies thereunder advanced, before the execution and registration of any of said subsequent interests.

35. DISCHARGE

The Mortgagee shall have a reasonable time after payment in full of all monies secured by this Mortgage within which to prepare and execute a discharge (or, if requested by the Mortgagor and consented to by the Mortgagee, an assignment) of this Mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge or (assignment) shall be borne by the Mortgagor.

36. OTHER SECURITY

This Mortgage is in addition to and not in substitution for any other security held by the Mortgagee including, without limiting the generality of the foregoing, any promissory note or notes for all or any part of the monies secured under this Mortgage, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or under this Mortgage concurrently or successively at its option, and in such order as the Mortgagee determines in its sole discretion. Any judgment or recovery under this Mortgage or under any other security held by the Mortgagee for, *inter alia*, the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. The Mortgagor covenants and agrees to comply with the terms and provisions of any other or collateral security held by the Mortgagee in connection with this Mortgage, and a breach by the Mortgagor of the terms of any other or collateral security shall constitute a breach and default by the Mortgagor hereunder.

37. PLACE OF PAYMENT

All payments secured hereby shall be made in lawful money of Canada at the branch office address of the Mortgagee designated as the place for payment in Part 1 of this Mortgage, or at such other place as the Mortgagee may designate in writing to the Mortgagor.

38. SEVERABILITY OF ANY INVALID PROVISIONS

If at any time any provision of this Mortgage is declared or held illegal, invalid or unenforceable in whole or in part under or inconsistent with the provisions of any applicable law or would by reason of the provisions of any such law render the Mortgagee unable to collect the amount of any loss sustained by it as a result of making the loan secured by this Mortgage which it would otherwise be able to collect, then such provision shall not apply and shall be construed so as not to apply to the extent that it is illegal, invalid, unenforceable or inconsistent or would so render the Mortgagee unable to collect the amount of any such loss, and this Mortgage will continue in full force and effect and be construed as if it had been executed without such illegal, invalid, unenforceable or inconsistent provision.

39. WITHHOLDINGS FROM PAYMENTS

If the Mortgagor is required by law to make any deduction or withholding from any sum payable by the Mortgagor to the Mortgagee under this Mortgage, then the sum payable by the Mortgagor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Mortgagee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made; and the Mortgagor shall pay the full amount to be deducted or withheld to the relevant taxation or other authorities within the time allowed for such payment under applicable law and shall deliver to the Mortgagee within thirty (30) days after it has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

40. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Mortgagee under this Mortgage 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 under this Mortgage by the Mortgagor shall relieve the Mortgagor from any default under this Mortgage 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.

41. COMMITMENT LETTER

The provisions set forth in any commitment letter or other agreement between the Mortgagor and the Mortgagee will not merge with this Mortgage but shall survive the execution, delivery and registration of this Mortgage except that, if such provisions are inconsistent with the provisions hereof, the Mortgagee may elect which provision shall govern.

42. STRATA LOT

For the purposes of these provisions the "Condominium Act" means the British Columbia Condominium Act, R.S.B.C. 1979, Chapter 61 and any amendments thereto. "Strata Corporation" means the strata corporation created pursuant to the Condominium Act and governing the administration of the strata lot or lots of which the Mortgaged Land forms part. "By laws" means the by laws of the Strata Corporation as amended from time to time. "Strata Lot" and "Owner" have the meanings ascribed to them in the Condominium Act.

In the event that this Mortgage charges land and buildings of the Mortgagor which have been or hereafter become subdivided into Strata Lots, the following provisions shall apply:

E-FORM 129 (05/2019)

- (a) The Mortgagor covenants and agrees with the Mortgagee to make all payments and to observe and carry out all requirements and duties imposed upon the Mortgagor by the Condominium Act and any By laws and to pay all levies made by the Strata Corporation of which the Mortgagor is a member, and if the Mortgagor fails to do so the Mortgagee shall have the right (but shall not be obliged) to make any and all such payments on behalf of the Mortgagor, and any amounts so paid shall be added to and form part of the debt secured by this Mortgage and shall forthwith be payable to the Mortgagee, with interest at the rate payable under this Mortgage.
- (b) Subject to the provisions of the Condominium Act in respect of voting rights of mortgagees, the Mortgagee shall have the absolute right at any time to exercise the Mortgagor's power to vote as the Owner of the Strata Lot or Lots charged hereby and as a member of the Strata Corporation for, and on behalf of, and in the place and stead of the Mortgagor to the same extent and with the same effect as the Mortgagor could himself do pursuant to the Condominium Act or the By laws of the Strata Corporation of which the Mortgagor is a member, or otherwise howsoever. It is agreed that neither this clause nor anything done by virtue hereof shall render the Mortgagee a mortgagee in possession. The right to vote, if exercised by the Mortgagee, shall not render the Mortgagee in any way responsible to protect the interests of the Mortgagor, and the Mortgagee shall not be responsible for the result of any exercise of the right to vote or any failure to exercise the right to vote. The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the Strata Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the 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.
- (c) The Mortgagee shall have the right on demand to require the Mortgagor to deliver to the Mortgagee such proxies or other instruments as may be considered requisite by counsel for the Mortgagee to confer such power of voting upon the Mortgagee.
- (d) The Mortgagor hereby authorizes in writing any officer of the Mortgagee to apply at any time and from time to time during the term of this Mortgage to the Strata Corporation of which the Mortgagor is a member to have the By laws for the time being in force governing the Strata Lot and interest in common property hereby mortgaged made available for inspection by such officer of the Mortgagee.
- (e) The Mortgagor further hereby authorizes in writing any officer of the Mortgagee to apply as the authorized agent of the Mortgagor at any time, and from time to time, to the Strata Corporation for certification to the Mortgagee within seven days of:
- (i) the amount of any contribution determined by the Strata Corporation pursuant to the Condominium Act as the contribution of the Mortgagor;
 - (ii) the manner in which the contribution is payable;
 - (iii) the extent to which the contribution has been paid by the Mortgagor; and
 - (iv) the amount of any money expended by the Strata Corporation on behalf of the Mortgagor and due by the Mortgagor pursuant to the Condominium Act and not recovered by the Strata Corporation.

43. RECEIVERSHIP

Notwithstanding anything contained in this Mortgage it is declared and agreed that at any time and from time to time when there shall be default in the payment of principal, interest or any other amounts payable under this Mortgage or the performance of any of 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 Land, or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of, any person, whether an officer or officers or an employee or employees of the Mortgagee or not, as a receiver (which term as used in this paragraph and elsewhere in this Mortgage includes a receiver manager and receiver and manager and also includes the plural as well as the singular) of the Mortgaged Land, or any part thereof and of the rents and profits thereof, and with or without security, and may, when the appointment of the receiver is by instrument, from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Mortgagee and any person so appointed 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 receiver from time to time the following provisions shall apply:

- (a) Every receiver shall have unlimited access to the Mortgaged Land 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:
- (v) collect the rents and profits from tenancies whether created before or after this Mortgage;
 - (vi) rent any portion of the Mortgaged Land which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;
 - (vii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Land 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;
 - (viii) manage, operate, repair, alter or extend the Mortgaged Land or any part thereof and carry on the business of the Mortgagor;
 - (ix) sell or grant options to purchase the Mortgaged Land, or any part thereof, at public auction, by public or private tender, or by private sale, on terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;
 - (x) rescind or vary any contract or agreement of sale or lease;
 - (xi) borrow such sum or sums as will in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates; and
 - (xii) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties. The Mortgagor undertakes to ratify and confirm whatever any receiver may do in the premises.

- (b) The Mortgagee at its discretion may vest the receiver with all or any of the rights and powers of the Mortgagee.
- (c) The Mortgagee may from time to time during the currency of the appointment of a receiver fix the reasonable remuneration of the receiver and such remuneration together with all costs and expenses of the receiver when paid by the Mortgagee, shall be added to all other monies owing by the Mortgagee to the Mortgagee under this Mortgage, shall be payable by the Mortgagee to the Mortgagee together with interest at the same rate as applies to the principal secured by this Mortgage and shall be a charge on the Mortgaged Land. The receiver shall be entitled to deduct any remuneration, costs and expenses out of the revenue or out of any sale proceeds realized from the Mortgaged Land. The Mortgagee shall be under no liability to the receiver for his remuneration, costs or expenses.
- (d) All sum or sums of money borrowed by the receiver and secured by receiver certificates shall be a charge on the Mortgaged Land.
- (e) Every receiver shall be deemed the agent or attorney of the Mortgagee for such purposes as the receiver shall deem necessary, including, without limitation, carrying out any sale of all or any part of the Mortgaged Land and affixing the seal of the Mortgagee to any deeds, transfers, conveyances, assignments, assurances and things which the Mortgagee ought to execute to complete any sale of all or any part of the Mortgaged Land or alternatively executing the same under his own seal by conveying in the name of and on behalf of the Mortgagee and under his own seal, and any deed or other instrument signed by him under his seal pursuant hereto shall have the same effect as if it were executed under the common seal of the Mortgagee and in no event shall the receiver be the agent of the Mortgagee and the Mortgagee shall not be responsible for the acts and omissions of the receiver.
- (f) The appointment of any 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 Mortgagee 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 Land.
- (g) No receiver shall be liable to the Mortgagee to account for monies other than monies actually received by him in respect of the Mortgaged Land or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:
- (xiii) claims of all secured and unsecured creditors ranking in priority to this Mortgage;
 - (xiv) all remuneration, costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authorities hereby conferred, excluding the receiver's borrowings;
 - (xv) to the Mortgagee any sum or sums borrowed by the receiver from the Mortgagee and interest thereon as secured by receiver certificates;
 - (xvi) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee in its sole discretion shall determine;
 - (xvii) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Mortgagee and interest thereon as secured by receiver certificates;
 - (xviii) any surplus shall, subject to the rights of other creditors, be paid to the Mortgagee.
- (h) Save as to its right to obtain from the receiver an accounting under clause (g) of this paragraph 42, the Mortgagee hereby releases and discharges any receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Mortgagee or any person claiming through or under him by reason or as a result of anything done by the receiver unless such claim is a direct and proximate result of dishonesty or fraud.
- (i) The Mortgagee may at any time and from time to time terminate any appointment of a receiver by instrument, by notice in writing to the Mortgagee and to any receiver.
- (j) The statutory declaration of an officer of the Mortgagee as to default under the provisions of the 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 notwithstanding any contrary assertion by the Mortgagee.
- (k) The rights and powers conferred herein in respect of the receiver are in addition to and not in substitution for any other rights and powers which the Mortgagee may have.

44. COMPLIANCE WITH THE LAW

The Mortgagee covenants and agrees to 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 of all private covenants and restrictions affecting the Mortgaged Land or any portion thereof and the Mortgagee will from time to time upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the Mortgaged Land 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. The Mortgagee whenever it deems necessary may by its surveyor or agent enter upon and inspect the Mortgaged Land and make such improvements and alterations and take all such other action as the Mortgagee deems necessary to render the Mortgaged Land in compliance with such laws, rules, requirements, orders, directions, by laws, ordinances, work orders or regulations and the reasonable cost of such inspection, improvements, alterations and other actions with interest at the rate set forth in this Mortgage shall be payable by the Mortgagee forthwith upon demand and be a charge upon the Mortgaged Land.

45. MORTGAGEE EXPENSES

The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses incurred by the Mortgagee of and incidental to this Mortgage and any security collateral thereto including the preparation and registration hereof, and thereof, and incidental to any and all other documents required in connection herewith or therewith and of any amendment or renewal hereof or thereof and of anything done in connection with the enforcement of the security granted hereby or thereby or the procuring or the payment of any monies payable under this Mortgage including, without limiting the generality of the foregoing, all solicitors' fees and disbursements, costs and expenses in valuing the Mortgaged Land in connection with the foregoing and all monies advanced by the Mortgagee at its option in order to preserve or protect the Mortgaged Land. The Mortgagor further agrees that, such amounts shall be paid by the Mortgagor forthwith upon demand and until paid shall bear interest at the rate provided for in this Mortgage and shall be a charge on the Mortgaged Land.

46. SALE OF MORTGAGED LAND AND FURTHER ENCUMBRANCES

IT IS AGREED that if the Mortgagor, without the prior written consent of the Mortgagee, further encumbers the Mortgaged Land or sells, conveys, transfers, exchanges, assigns, leases or otherwise disposes of any of its interest therein, or enters into any agreement to effect any of the foregoing, then all monies secured by this Mortgage with interest thereon shall, at the option of the Mortgagee, become immediately due and payable. And it is further understood and agreed that the Mortgagor shall not create nor suffer to be created, any mortgage, charge, lien or encumbrance upon the Mortgaged Land ranking or capable of ranking in priority to or pari passu with this Mortgage, AND IT IS HEREBY DECLARED that this provision being a term of this Mortgage shall be notice within the meaning of the Land Title Act of British Columbia to every person dealing with the Mortgaged Land that any mortgage, charge, lien or encumbrance upon the Mortgaged Land which is registered subsequently to this Mortgage shall be subject to and rank in priority after this Mortgage in all respects to the same extent as if this Mortgage had been executed, delivered and registered and as if all monies hereby secured (regardless of the date of advances or re advances by the Mortgagee) had been advanced prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of any part of the monies thereby secured and, without limiting the generality of the foregoing, in the event of this Mortgage being security for a guarantee or guarantees given by the Mortgagor to the Mortgagee, any such subsequently registered mortgage, charge, lien or encumbrance shall rank in priority after this Mortgage to the same extent as if demand by the Mortgagee had been made for payment of the aggregate principal amount secured by this Mortgage in accordance with the terms of this Mortgage and the said guarantee or guarantees prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of all or any part of the monies thereby secured.

47. FURTHER ASSURANCES

The Mortgagor will at all times and from time to time, at the request of the Mortgagee, do and execute or cause to be done and executed all things reasonably required for the better assuring to the Mortgagee of a valid charge over the Mortgaged Land.

48. NO DEDUCTIONS

The Mortgagor agrees that notwithstanding anything to the contrary contained herein, all payments due from or made by the Mortgagor shall be made without set off or counterclaim and without any deductions or withholdings whatsoever.

49. MAXIMUM INTEREST RATE

Notwithstanding the rate or rates of interest payable as set forth in this Mortgage, the rate or rates of interest payable hereunder and secured hereby shall in no event exceed the maximum rate permitted under the laws of British Columbia or the laws of Canada having effect in British Columbia.

50. PARAGRAPH HEADINGS

The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of this Mortgage and are not to be considered in the construction or interpretation of this Mortgage or any part thereof.

51. APPLICABLE LAW

This Mortgage and the rights and obligations hereunder shall be governed and construed according to the laws of the Province of British Columbia.

52. DATE OF MORTGAGE

This Mortgage, unless otherwise specifically provided, shall be deemed to be dated as of the date of execution of Part 1 of this Mortgage by the first named Mortgagor.

53. CONSOLIDATION

This Mortgage is subject to the doctrine of consolidation as and to the extent permitted by Section 27 of the Property Law Act (British Columbia).

54. TAX ON LOAN

The Mortgagor shall pay to the Mortgagee, on demand, the amount of any taxes (other than the Mortgagee's income taxes) which may be imposed upon or in respect of the principal money advanced on this Mortgage together with interest thereon and which the Mortgagee may be called upon to pay, together with interest from the date on which such taxes are paid by the Mortgagee at the rate and compounded in the manner provided in this Mortgage.

55. EXECUTION UNDER SEAL

If Part 1, Part 2 or a copy of either of them is executed under seal by the Mortgagor or Covenantor such execution shall constitute evidence that the instrument so executed is to take effect as a deed.

56. COVENANTOR

It is agreed that the following paragraph 55 applies only if this Mortgage has been executed by a party as a covenantor:

If being a condition of the making of the loan referred to in this Mortgage that the covenant hereinafter set forth should be entered into by such party (the "Covenantor"), the Covenantor in consideration of the advance in whole or in part of the monies secured by this Mortgage does hereby covenant, promise and agree as principal debtor and not as surety to and with the Mortgagee that he will pay, or cause to be paid, to the Mortgagee the said principal sum and all other monies secured by this Mortgage together with interest thereon, on the days and at the times, and in the manner stated in this Mortgage and shall observe and perform all of the covenants, provisos, conditions, agreements and stipulations in this Mortgage, and shall abide by and submit to and hereby agrees to all conditions, provisos and stipulations in this Mortgage on the part of the Mortgagor set forth, and these covenants shall be binding notwithstanding the giving of time for payment of this Mortgage or the varying of terms of payment thereof or the rate of interest thereon.

57. INTERPRETATION

It is agreed that the expressions "Mortgagor", "Mortgagee" and "Covenantor" wherever used in this Mortgage shall include the heirs, executors, administrators, successors and assigns of the Mortgagor, the Mortgagee and the Covenantor respectively, that in the event of this Mortgage being executed by two or more mortgagors, or two or more covenantors, the covenants on the part of the Mortgagor and the Covenantor herein contained shall be and be deemed to be joint and several covenants, and wherever the singular or masculine is used throughout this Mortgage the same shall be construed as meaning the plural or the feminine or body corporate or politic where the context or the parties to this Mortgage so require.

ACKNOWLEDGEMENT

Each of the undersigned, being a Covenantor, hereby gives the above covenants, promises and agreements under seal and acknowledges receipt at or before the time of execution of this Mortgage of:

- (1) a true copy of this set of standard mortgage terms; and
- (2) a copy of Part I and any schedules thereto including a statement of any modifications (by way of additions, amendments or deletions) to this set of standard mortgage terms.

DATE OF SIGNATURE

WITNESS	Y M D	COVENANTOR (seal)
---------	-------	-------------------

WITNESS	Y M D	COVENANTOR (seal)
---------	-------	-------------------

ACKNOWLEDGEMENT

Each of the undersigned, being the Mortgagor, hereby acknowledges receipt at or before the time of execution of this Mortgage of:

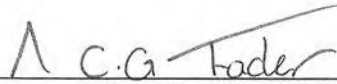
- (1) a true copy of this set of standard mortgage terms; and
- (2) a copy of Part I and any schedules thereto including a statement of any modifications (by way of additions, amendments or deletions) to this set of standard mortgage terms.

DATE OF SIGNATURE

Y M D	MORTGAGOR
-------	-----------

Y M D	MORTGAGOR
-------	-----------

This is **Exhibit "G"** referred to in the affidavit of Jasdeep Chohan sworn before me at **Calgary, AB** this 16th day of March, 2026.

Handwritten signature of A.C.G. Fader in black ink, written over a horizontal line.

A Commissioner for taking Affidavits
For **Alberta**

ALEC FADER
Student-At-Law



KAMLOOPS LAND TITLE OFFICE
 JUN 04 2021 14:34:44.001
CA9072108

1. Application

McMILLAN DUBO LLP
320 - 301 VICTORIA STREET
KAMLOOPS BC V2C 2A3
778-765-1701

File No.: 1 00-1321 RBC/Maverick Vineyards Inc.
 MLM/kc

2. Description of Land

PID/Plan Number	Legal Description
014-968-061	BLOCK A OF DISTRICT LOT 1052S SIMILKAMEEN DIVISION YALE DISTRICT
STC Ordered	

3. Borrower(s) (Mortgagor(s))

MAVERICK VINEYARDS INC. BC1246139
 3974 HIGHWAY 97
 OLIVER BC V0H 1T1

4. Lender(s) (Mortgagee(s))

ROYAL BANK OF CANADA
 36 YORK MILLS ROAD, 4TH FLOOR
 TORONTO ON M2P 0A4

5. Payment Provisions

Principal Amount	Interest Rate	Interest Adjustment Date
\$3,800,000.00	Royal Bank Prime Rate plus 7.00% per annum	N/A
Interest Calculation Period	Payment Dates	First Payment Date
Monthly, calculated on the outstanding daily balance	SEE SCHEDULE	ON DEMAND
Amount of each periodic payment	Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is	Last Payment Date
ON DEMAND	N/A % per annum	ON DEMAND
Assignment of Rents which the applicant wants registered?	Place of payment	Balance Due Date
No	POSTAL ADDRESS IN ITEM 4	ON DEMAND

6. Mortgage contains floating charge on land?

No

7. Mortgage secures a current or running account?

Yes



8. Interest Mortgaged

Fee Simple

9. Mortgage Terms

Part 2 of this mortgage consists of:

(b) Filed Standard Mortgage Terms

D F Number: **MT190022**

A selection of (a) or (b) includes any additional or modified terms.

10. Additional or Modified Terms

SEE SCHEDULE

11. Prior Encumbrances Permitted by Lender

NONE

12. Execution(s)

This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Witnessing Officer Signature

Execution Date

Borrower Signature(s)

RONALD SOLMER
Barrister & Solicitor
 301 - 1665 ELLIS STREET
 KELOWNA BC V1Y 2B3

 YYYY-MM-DD

2021-06-03

Maverick Vineyards Inc.
 By their Authorized Signatory

Name: Jan Elliott Nelson

Phone: 250-762-2108

Officer Certification

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

Electronic Signature

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

**Amanda Elaine
 Johnson P2QVJJ**

Digitally signed by
 Amanda Elaine Johnson
 P2QVJJ
 Date: 2021-06-04
 09:19:15 -07:00

**LAND TITLE ACT
FORM E**

SCHEDULE

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

5. PAYMENT PROVISIONS:

Payment Dates:

Principal: On Demand

Interest: 20th day of every month or as otherwise specified by Mortgagee

10. ADDITIONAL OR MODIFIED TERMS:

This mortgage is granted for valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Mortgagor) as general and continuing collateral security for payment and satisfaction of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, of whatsoever nature and kind and howsoever arising, at any time and from time to time owing or payable by the Mortgagor (or either or any of them) to the Mortgagee, all as may be more fully set forth in the Filed Standard Mortgage Terms (referred to in Item 9 of Form B) which form part of this Mortgage and Defeasance Option #3 under Section 3 of the said Filed Standard Mortgage Terms applies to this Mortgage, and in interpreting this Mortgage, Section entitled "Advances" of the said Filed Standard Mortgage Terms shall be read subject to the following:

NOTICE IS HEREBY GIVEN to every person dealing with the title to the Mortgaged Land that the liabilities secured by this Mortgage include, without limiting the generality of any other provisions hereof, the liabilities of the Mortgagor to the Mortgagee with respect to any bankers' acceptances from time to time issued by the Mortgagor and accepted by the Mortgagee and with respect to any letters of credit or letters of guarantee from time to time issued by the Mortgagee at the request of the Mortgagor and that advances by the Mortgagee not exceeding from time to time the aggregate amount referred to herein are contemplated and secured by this Mortgage and that with respect to any such bankers' acceptances and any such letters of credit or letters of guarantee, the Mortgagee is hereby and thereby required, subject to the defences available to any obligant thereunder, from the date of acceptance of each such bankers' acceptance and from the date of issuance of each such letter of credit or letter of guarantee, to make the advances contemplated therein in accordance with the terms thereof.

The following shall be added immediately following Section 8 of the Filed Standard Mortgage Terms:

"8A. PROHIBITIONS

Without the prior written consent of the Mortgagee, the Mortgagor shall not and shall not have the power to:

**LAND TITLE ACT
FORM E**

SCHEDULE

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

(a) Grant, create or permit to be created any mortgage, charge or security interest in encumbrances or lien over, or claim against the Mortgaged Land or any part thereof which ranks or could in any event rank in priority to or pari passu with the charge of this Mortgage; or

(b) Issue or have outstanding at any time any secured or unsecured bonds, debentures, debenture stock or other evidences of indebtedness of the Mortgagor or of any predecessor in title of the Mortgagor issued under a trust deed or other instrument running in favour of a trustee."

The following shall be added immediately following Section entitled "Additional Acceleration Provisions" of the said Filed Standard Mortgage Terms:

IMMEDIATE PAYMENT AND PREPAYMENT

The Mortgagee may exercise its rights and remedies hereunder immediately upon default, and the Mortgagor hereby confirms that except as may be expressly otherwise provided herein or in any other written agreement between the Mortgagor and the Mortgagee contemplating the granting of this Mortgage, the Mortgagee has not given any covenant, express or implied, and is under no obligation to allow the Mortgagor any period of time to remedy any default prior to the Mortgagee exercising its rights and remedies hereunder.

Any right or option contained in the said Filed Standard Mortgage Terms to prepay or repay prior to the date of final payment hereunder the whole balance or any portion of the principal monies remaining unpaid hereunder may only be exercised in the absence of any agreement to the contrary with respect to all or any portion of the debts, liabilities and obligations from time to time secured hereby.

NEW WESTMINSTER LAND TITLE OFFICE
LAND TITLE ACT BRITISH COLUMBIA
FORM 17 CHARGE, NOTATION OR FILING Oct-02-2019 12:00:51.001
LAND TITLE AND SURVEY AUTHORITY

MT190022

PAGE 1 OF 15 PAGES

- Your electronic signature is a representation by you that:
 - you are a subscriber; and
 - you have incorporated your electronic signature into
 - this electronic application; and
 - the imaged copy of each supporting document attached to this electronic application; and have done so in accordance with Sections 168.3 and 168.4(4) of the *Land Title Act*, RSBC 1996, C.250.
 - Your electronic signature is a declaration by you under Section 168.41 of the *Land Title Act* in respect of each supporting document required in conjunction with this electronic application that:
 - the supporting document is identified in the imaged copy of it attached to this electronic application;
 - the original of the supporting document is in your possession; and
 - the material facts of the supporting document are set out in the imaged copy of it attached to this electronic application.
- Each term used in the representation and declaration set out above is to be given the meaning ascribed to it in Part 10.1 of the *Land Title Act*.

Margot Lyle McMillan SE521B	Digitally signed by Margot Lyle McMillan SE521B Date: 2019.10.02 11:52:53 -07'00'
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1. APPLICANT: (Name, address, phone number of applicant, applicant's solicitor or agent)

McMILLAN DUBO, LLP
LAWYERS
320 - 301 VICTORIA STREET
KAMLOOPS BC V2C 2A3
Document Fees: \$29.66

Phone (778) 765-1701
File 100-514
MLM/jc

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [legal description]

NO PID NMBR NOT APPLICABLE

STC? YES

3. NATURE OF CHARGE, NOTATION, OR FILING: AFFECTED CHARGE OR NOTATION NO:

STANDARD MORTGAGE TERMS
ADDITIONAL INFORMATION:

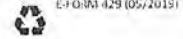
NATURE OF CHARGE, NOTATION, OR FILING: AFFECTED CHARGE OR NOTATION NO:

ADDITIONAL INFORMATION:

4. PERSON TO BE REGISTERED AS CHARGE OWNER: (including occupation(s), postal address(es) and postal code(s))

ROYAL BANK OF CANADA

88 QUEENS QUAY WEST, 17TH FLOOR,
TORONTO ONTARIO
M5J 0B8



STANDARD MORTGAGE TERMS MT _____

FILED BY: THE ROYAL BANK OF CANADA

The following set of standard mortgage terms is deemed to be included in and form a part of every mortgage in which this set is referred to by and adopted by reference to its filing number, as provided by Section 225 of the Act.

1. DEFINITIONS

In this set of standard mortgage terms and every instrument in Form B which adopts it by reference to its filing number and in all schedules and addenda to each such Form B:

"Act" means the *Land Title Act*, R.S.B.C. 1996, c. 250, as amended.

"Amount of Each Periodic Payment" means the amount set out in Item 5(g) of Form B.

"Balance Due Date" means the date or time set out in Item 5(1) of Form B.

"First Payment Date" means the date set out in Item 5(f) of Form B.

"Form B" means each and any form identified by the heading and in the form of "Form B", as approved by the Director of Land Titles for the purposes of the Act, which refers to this set of standard mortgage terms by this set's filing number.

"Guarantee" means any guarantee or guarantees collaterally secured, in whole or in part, by this Mortgage and any modifications, renewals or replacements of the said guarantee or guarantees from time to time.

"Interest Adjustment Date" means the date set out in Item 5(c) of Form B.

"Interest Rate" means the rate of interest set out in Item 5(b) of Form B.

"Last Payment Date" means the date set out in Item 5(i) of Form B.

"Mortgage" means the mortgage created by Part 1 and Part 2 together.

"Mortgagor" means the party or parties described in Part 1 as the "Borrower(s) [Mortgagor(s)]".

"Mortgagee" means the party or parties described in Part 1 as the "Lender(s) [Mortgagee(s)]".

"Mortgaged Land" means the lands and premises or the Mortgagor's interest therein described in Part 1 as the lands and premises charged by the Mortgage together with all benefits, easements, licences, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act*, R.S.B.C., 1996, c. 252 together with all buildings, erections, fixtures and improvements fixed or otherwise now on or hereafter put upon such lands including, but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, elevators, escalators, furnaces, light fixtures, boilers, pressure vessels, appliances, stoves, dishwashers, refrigerators, washers, dryers, and wall to wall carpets, now or hereafter installed in the lands and premises or used in connection therewith, whether or not attached to the premises other than by their own weight, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto.

"Note" means any promissory note or notes collaterally secured, in whole or in part, by this Mortgage and any modifications, renewals or replacements of the said note or notes from time to time.

"Part 1" means all of the terms, conditions and other *information* contained in Form B and any schedule or attachment to Form B and which does not form a part of Part 2.

"Part 2" means this set of standard mortgage terms.

"Payment Dates" means those dates or days set out in Item 5(e) of Form B.

"Personal Loan Base Rate" or "Personal Loan Base Rate of the Mortgagee" means 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 personal loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Personal Loan Base Rate of the Mortgagee applicable as at any time or times a certificate in writing of the manager for the time being of the branch or unit of the Mortgagee responsible for the collection of the monies secured by this Mortgage, setting forth the Personal Loan Base Rate as at any time or times, shall be, and shall be deemed to be, conclusive evidence as to the Personal Loan Base Rate as set forth in the certificate.

"Place of Payment" means the address set out or referred to in Item 5(k) of Form B.

"Prime" or "Prime Interest Rate of the Mortgagee" means 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 Prime Interest Rate of the Mortgagee applicable as at any time or times a certificate in writing of the manager for the time being of the branch or unit of the Mortgagee responsible for the collection of the monies secured by this Mortgage, setting forth the Prime Interest Rate of the Mortgagee as at any time or times, shall be, and shall be deemed to be, conclusive evidence as to the Prime Interest Rate of the Mortgagee as set forth in the certificate.

"Principal Amount" means the amount set out in Item 5(a) of Form B.

2. CHARGE

The following charging provision applies only if a specific mortgage and charge on the Mortgaged Land is not included in Part 1:

THE MORTGAGOR HEREBY grants, mortgages and charges to and in favour of the Mortgagee all right, title and interest of the Mortgagor in and to the Mortgaged Land as security for the payment to the Mortgagee of the principal and interest and all other monies and the performance or fulfillment of all liabilities and obligations secured by this Mortgage upon the terms set out in this Mortgage.

3. DEFEASANCE

If no specific defeasance provision is included in Part 1 and one of the following defeasance options is specified in Part 1, the defeasance option so specified will apply to this Mortgage:

DEFEASANCE OPTION #1**DEMAND**

PROVIDED this Mortgage to be void on payment to the Mortgagee ON DEMAND at the Place of Payment or at such other place as the Mortgagee may from time to time require of the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate calculated on the outstanding daily balance thereof or on so much thereof as remains from time to time unpaid, payable monthly as well after as before maturity, default and judgment until the whole of the Principal Amount is paid, on the 20th day of each and every month or on such other date as may be specified by the Mortgagee. The Mortgagor will pay interest at the Interest Rate on overdue interest on the same dates as current interest is payable as aforesaid.

AND taxes and performance of statute labour.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice or bonus, to repay the whole balance of the principal monies remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments.

DEFEASANCE OPTION #2**FIXED RATE - BLENDED PAYMENTS**

PROVIDED this Mortgage to be void on payment to the Mortgagee at the Place of Payment or at such other place as the Mortgagee may from time to time require in lawful money of Canada of the Principal Amount and interest as follows:

The Mortgagor will pay the Principal Amount in lawful money of Canada plus interest thereon at the Interest Rate, calculated monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Amount, and without days of grace, in equal consecutive monthly blended instalment payments of principal and interest in the Amount of Each Periodic Payment, commencing on the First Payment Date and continuing monthly thereafter on the Payment Dates until the Last Payment Date, on which date the balance, if any, of the Principal Amount and interest then unpaid shall become due and payable.

The Mortgagor will pay interest at the Interest Rate on any defaulted instalment from the date of default until paid. If any instalment is not paid on the due date, the entire balance of the Principal Amount and interest accrued thereon and all other monies secured by this Mortgage shall immediately become due and payable, at the option of the Mortgagee. Interest on overdue interest and on arrears of principal shall be payable on demand.

For purposes of the *Interest Act*, R.S.C., 1985, c. I-15, it is understood, agreed and declared that the amount of principal money hereby secured is the Principal Amount and the rate of interest chargeable thereon, calculated half yearly, not in advance, is the rate set forth in Item 5(h) of Form B.

In the event that the monies secured hereby are advanced by the Mortgagee more than one month prior to the First Payment Date or any extension of that date granted by the Mortgagee, interest at the aforesaid rate on the amount of the advance computed from the date of such advance until the date which is one month prior to the First Payment Date or any extension of that date granted by the Mortgagee shall become due and be paid on the date which is one month prior to the First Payment Date or any extension of that date granted by the Mortgagee.

In the event that the monies secured hereby are advanced at any time after the date which is one month prior to the First Payment Date, the Mortgagee may at its option extend the time for the commencement of monthly payments hereunder until such date as the Mortgagee may specify in the month following the date of advance, in which event the dates upon which the balance of payments are due hereunder shall be similarly extended.

AND taxes and performance of statute labour.

PROVIDED and it is hereby further agreed by and between the Mortgagor and the Mortgagee that in addition to any other provisions of this Mortgage or of the Note or of any other agreement between the Mortgagor and the Mortgagee, the entire balance of the Principal Amount together with accrued interest thereon and all other monies secured by this Mortgage shall forthwith become due and payable at the option of the Mortgagee upon the occurrence of any of the following events:

- (a) if any payment of principal or interest or both as provided herein is not paid when due or any other monies secured by this Mortgage are not paid when due;
- (b) if the Mortgagor is in default under any other term or provision of this Mortgage or of the Note;
- (c) if the Mortgagor fails to observe or perform any other term or provision of any other agreement with the Mortgagee concerning the indebtedness collaterally secured hereby;
- (d) if any representation or warranty made by the Mortgagor to the Mortgagee relating to the amount due under the Note is found at any time to be incorrect in any material respect;
- (e) if the Mortgagor becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against the Mortgagor, or any authorized assignment for the benefit of creditors is made by the Mortgagor, or if a receiver or trustee for the Mortgagor or for any of the assets of the Mortgagor is appointed, or if there is instituted by or against the Mortgagor any other type of insolvency proceedings under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 or otherwise;
- (f) if the Mortgagor ceases or threatens to cease to carry on a major part of its business as presently conducted;
- (g) if the Mortgagee in good faith believes that the prospect for repayment of all or any part of the amount due under the Note is impaired; or
- (h) if legal implications arise which, in the opinion of the Mortgagee, may be detrimental to the security value of this Mortgage or of any other security held by the Mortgagee for any indebtedness of the Mortgagor to the Mortgagee.

The Mortgagor shall not be entitled to prepay the monies secured hereby otherwise than as set forth herein or in the Note or as otherwise agreed in writing with the Mortgagee.

DEFEASANCE OPTION #3**CURRENT OR RUNNING ACCOUNT**

PROVIDED this Mortgage to be void on payment to the Mortgagee ON DEMAND at the Place of Payment or at such other place as the Mortgagee may from time to time require of the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate calculated on the outstanding daily balance thereof or on so much thereof as remains from time to time unpaid, payable monthly as well after as before maturity, default and judgment until the whole of the Principal Amount is paid, on the 20th day of each and every month or on such other date as may be specified by the Mortgagee. The Mortgagor will pay interest at the Interest Rate on overdue interest on the same dates as current interest is payable as aforesaid.

AND taxes and performance of statute labour.

THIS MORTGAGE is made to secure a current or running account and shall not be deemed to have been redeemed by reason only that:

- (i) advances made under it are repaid, or
- (ii) the account of the Mortgagor with the Mortgagee ceases to be in debit,

and this Mortgage remains effective as security for any and all further advances at any time made by the Mortgagee; PROVIDED that nothing herein contained shall prevent the Mortgagor from demanding and receiving from the Mortgagee at the Mortgagor's expense a discharge of this Mortgage at any time when there are no monies owing or liabilities outstanding to the Mortgagee from the Mortgagor.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice or bonus, to repay the whole balance of the principal monies remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments.

DEFEASANCE OPTION #4**GUARANTEE AND POSTPONEMENT OF CLAIM**

PROVIDED this Mortgage to be void on either of the following events:

- (a) release by the Mortgagee of the obligations of the Mortgagor as set forth in the Guarantee; or
- (b) payment to the Mortgagee ON DEMAND at the Place of Payment or at such other place as the Mortgagee may from time to time require of the amount demanded by the Mortgagee under the Guarantee, up to an amount not to exceed the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate from the date of demand for payment, calculated on the outstanding daily balance thereof and compounded monthly until payment in full, and all costs, expenses and charges arising out of or connected with the said amount demanded or otherwise payable hereunder.

AND taxes and performance of statute labour.

THIS MORTGAGE is made to secure a current or running account and shall not be deemed to have been redeemed by reason only that:

- (i) advances made under it are repaid, or
- (ii) the account of the Mortgagor with the Mortgagee or the account of the customer named in the Guarantee with the Mortgagee ceases to be in debit,

and this Mortgage remains effective as security for any and all further advances at any time made by the Mortgagee; PROVIDED that nothing herein contained shall prevent the Mortgagor from demanding and receiving from the Mortgagee at the Mortgagor's expense a discharge of this Mortgage at any time when there are no monies owing or liabilities outstanding to the Mortgagee from the Mortgagor or from the customer named in the Guarantee.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice or bonus, to repay the whole balance of the principal monies remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments.

If no specific defeasance provision is included in Part 1 and none of the defeasance options set forth above is specified in Part 1, defeasance option #1 above shall apply. When one of the defeasance options set forth above applies to this Mortgage, none of the provisions of any other of the said defeasance options shall apply.

4. LAND TRANSFER FORM ACT

This Mortgage is made pursuant to Part 3 of the *Land Transfer Form Act*, R.S.B.C., 1996, c. 252.

5. APPLICATION OF PAYMENTS

Any blended or combined instalments of principal and interest payable under this Mortgage will be applied firstly to interest from time to time outstanding and the balance of the said instalments shall be applied on account of principal; except, however, in the case of 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 interest, principal, taxes, insurance premiums, repairs or other advances made on behalf of the Mortgagor and except in the case of any partial payments by the Mortgagor, which may be applied against principal or interest or otherwise as the Mortgagee may determine.

6. COMPOUND INTEREST

It is agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, interest shall be payable thereon and the sum in arrears for interest from time to time, as well after as before maturity or judgment, shall itself bear interest at the rate stipulated in Part 1, and in case the interest and compound interest are not paid on the next interest payment date after the date of default, a rest shall be made and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity or judgment, and so on from time to time, and all such interest and compound interest shall be a charge upon the Mortgaged Land.

7. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Mortgaged Land it is mutually agreed between the parties to this Mortgage that:

- (a) The Mortgagor shall pay all taxes as they fall due and will provide the Mortgagee with receipts confirming payment of same as the Mortgagee may require;
- (b) The Mortgagee may deduct from the final advance of the monies secured by this Mortgage an amount sufficient to pay the taxes which have become or will become due and payable on or before the date for the adjustment of interest and are unpaid at the date of such final advance;
- (c) After the date for the adjustment of interest, the Mortgagor shall, if directed by the Mortgagee, pay to the Mortgagee in monthly instalments on the dates on which instalments of principal and/or interest are payable under this Mortgage, sums which in the sole opinion of the Mortgagee will be sufficient to enable the Mortgagee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof; and the Mortgagor shall also pay the Mortgagee on demand the amount, if any, by which the annual taxes exceed such estimated amount;
- (d) The Mortgagee will apply such deduction and payments on the taxes chargeable against the Mortgaged Land so long as the Mortgagor is not in default under any covenant, proviso or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly; provided, however, that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as provided in this Mortgage, the Mortgagee may apply such sum or sums in or towards payment of the principal, interest and/or other amount in default. The Mortgagor further covenants and agrees to transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after their receipt by the Mortgagor; and
- (e) The Mortgagee may allow the Mortgagor interest at a rate determined by the Mortgagee from time to time on the average monthly balances standing 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 frequently than once each year; and the Mortgagor shall be charged and will pay 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.

8. LAND TRANSFER FORM ACT COVENANTS

In this paragraph 8 "land" means the Mortgaged Land.

The Mortgagor covenants with the Mortgagee:

- (i) That the Mortgagor will pay the mortgage money and interest and observe the above provisos; and will also pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the land or in respect thereof, no matter by whom or by what authority imposed, which the Mortgagee has paid or has been rendered liable to pay and shall also pay all other sums as the Mortgagee may be entitled to under this Mortgage;
- (ii) That the Mortgagor has a good title in fee simple to the land;
- (iii) That the Mortgagor has the right to convey the land to the Mortgagee;
- (iv) That on default the Mortgagee shall have possession of the land free from all encumbrances;
- (v) That the Mortgagor will execute such further assurances of the land as may be requisite;
- (vi) That the Mortgagor has done nothing to encumber the land;
- (vii) That the Mortgagor releases to the Mortgagee all his claims on the land subject to the proviso; and
- (viii) Provided that until default of payment, the Mortgagor shall have quiet possession of the land.

Clause 15 of Schedule 6 of the *Land Transfer Form Act*, R.S.B.C., 1996, c. 252 is expressly excluded from this Mortgage.

9. AGREEMENT FOR SALE

The following provisions shall apply if the interest of the Mortgagor in the Mortgaged Land is that of a purchaser under an agreement for sale:

- (a) the Mortgagor represents that the Mortgagor is the purchaser under an agreement for sale of the Mortgaged Land as set out in Item 8 of Form B (the "Agreement for Sale");
- (b) the Mortgagor hereby grants, assigns and sets over to the Mortgagee the Agreement for Sale and all right, title and interest of the Mortgagor therein and thereunder and all benefits and advantages to be derived therefrom including the benefit of all covenants on the part of the vendor therein;
- (c) upon the Mortgagor becoming vested of the fee simple to the Mortgaged Land, this Mortgage shall increase to be a mortgage of the said fee simple;
- (d) the Mortgagor covenants with the Mortgagee to make all payments of principal and interest required to be made under the Agreement for Sale and to observe and perform all covenants, conditions and agreements on the part of the purchaser contained therein;
- (e) any default by the Mortgagor in observing or performing any of the terms or conditions of the Agreement for Sale including, without limitation, the making of payments thereunder when the same become due shall constitute a default under this Mortgage and the balance of principal, interest and other monies secured by this Mortgage shall, at the option of the Mortgagee, become immediately due and payable and the Mortgagee may exercise any and all of its rights or remedies under this Mortgage and may, without incurring any liability in so doing, pay any monies due or remedy any default occurring under the Agreement for Sale and any monies expended by the Mortgagee for that purpose shall be added to the debt secured by this Mortgage and be a charge on the Mortgaged Land and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee; and
- (f) any discharge of this Mortgage pursuant to paragraph 35 shall operate as a re assignment to the Mortgagor of all right, title and interest of the Mortgagee in the Agreement for Sale.

10. INSURANCE

The Mortgagor will forthwith insure and during the continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, such insurable perils as are covered by an "all risks" policy and such other perils as the Mortgagee may require, to the full extent of their replacement cost each and every building comprised in the Mortgaged Land and which may hereafter be erected thereon, both during construction and thereafter, in lawful money of Canada with an insurance company duly authorized to carry on business as such and under policies satisfactory in form and content to the Mortgagee; and the policy or policies of insurance shall not contain co insurance clauses and the Mortgagor will forthwith deliver to the Mortgagee certified copies of the policy or policies of insurance and all renewal receipts thereto appertaining; without limiting the foregoing such policy or policies shall include the following insurance coverage:

- (a) "All risks" of direct physical loss or damage with respect to the Mortgaged Land and any moveables located thereon on a replacement cost basis with loss under each policy payable to the Mortgagee pursuant to the standard mortgage clause approved by the Insurance Bureau of Canada or otherwise approved by the Mortgagee, with preference in its favour over any claim of any other person; permission shall be granted thereby for the improvements to be vacant or unoccupied for a period of at least thirty (30) days and it shall provide for partial occupancy;
- (b) Comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air conditioning equipment, if any, including repair and full replacement costs for amounts satisfactory to the Mortgagee, with loss payable to the Mortgagee by way of a mortgage clause approved by the Mortgagee;
- (c) Business interruption or rental loss insurance covering perils insured in paragraphs (a) and (b) above acceptable to the Mortgagee for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the premises; and
- (d) Commercial general liability insurance, including personal injury, products, and completed operations subject to a limit per occurrence of not less than Two Million (\$2,000,000.00) Dollars, or such amount as the Mortgagee may reasonably require, inclusive of bodily injury, death or property damage.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clauses, are to provide for at least thirty (30) days prior notice to the Mortgagee of such cancellation.

Such policies shall also provide that the Mortgagee shall receive at least thirty (30) days prior notice of any material alteration of such policy.

The Mortgagee shall be entitled to require coverage of such other risks and perils as the Mortgagee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available. Should an insurer, at any time, cease to have the approval of the Mortgagee, the Mortgagor shall effect such new insurance as the Mortgagee may desire.

The Mortgagee is hereby irrevocably appointed by the Mortgagor as attorney of the Mortgagor to assign any policy of insurance in the event of the foreclosure of this Mortgage or other extinguishment of the indebtedness secured hereby.

The Mortgagor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Mortgagor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Mortgagee at least fifteen (15) days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Mortgagee, without prejudice to its other rights hereunder, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; provided that in no event shall the Mortgagee be liable for failure to have insurance placed or for any loss growing out of any defects in any policy, or for failure of any insurance company to pay for any loss or damage insured against.

Forthwith on the happening of any loss or damage, the Mortgagor will furnish at its 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 every such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee.

Any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the 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 said 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 on the mortgage debt or any part thereof whether due or not then due.

In the event that this Mortgage charges a Strata Lot or Strata Lots (as defined in paragraph 42 of this Mortgage) or land and buildings of the Mortgagor which have been or hereafter are subdivided into Strata Lots, the Mortgagor will, or will cause the Strata Corporation (as defined in paragraph 42 of this Mortgage), to observe and perform all covenants, provisos, agreements and conditions required to be observed and performed by the Mortgagor in this paragraph 10 if same are applicable, and will:

- (i) cause any insurance monies to be made payable to the Strata Corporation or, if any insurance trustees are designated by the By laws (as defined in this Mortgage), to the named insurance trustees, and to be made payable firstly to the Mortgagee in the event that the Strata Corporation resolves not to repair or replace the Strata Lot or Strata Lots as provided in the *Strata Property Act*, S.B.C., 1998, c. 43; and
- (ii) cause all applicable policies of insurance to contain a standard mortgage clause acceptable to the Mortgagee to be effective in the event that the Strata Corporation resolves not to repair or replace the damaged Strata Lot or Strata Lots; and if, in the reasonable opinion of the Mortgagee, the insurance carried by the Strata Corporation is deemed inadequate, the Mortgagee may require the Mortgagor to carry a separate policy of insurance on the Strata Lot or Strata Lots mortgaged under this Mortgage at his own cost.

In the event any of the provisions of this Mortgage are in conflict with those of the *Fires Prevention (Metropolis) Act, 1774*, the provisions of this Mortgage shall prevail, and the Mortgagor hereby expressly waives any rights, privileges or benefits to which it would otherwise be entitled under such legislation or any legislation in replacement thereof.

11. COMPLIANCE WITH LEASES

The Mortgagor will observe promptly as lessor the terms and conditions contained in any and all leases and/or subleases of any portion of the Mortgaged Land and will not accept any prepayment of rent or other monies payable under any such lease and/or sublease or proposed lease and/or sublease in excess of the first or final month's rent.

12. ASSIGNMENTS OF RENTS AND LEASES; CHATTEL MORTGAGE

The Mortgagor covenants and agrees to execute and deliver to the Mortgagee from time to time as and when required by the Mortgagee (and in addition to any assignment of rents contained herein) assignments of leases and assignments of rents (subject to no prior claim or assignment) with respect to any and all leases and agreements to lease of all or portions of the Mortgaged Land now or hereafter from time to time granted or entered into by the Mortgagor, all of such assignments to be held by the Mortgagee as further security for the monies owing and secured under this Mortgage. The form and content of all leases and offers to lease relating to the Mortgaged Land or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Mortgagee. All of such leases, assignments of leases and assignments of rents as and when required by the Mortgagee shall, at the option of the Mortgagee, be registered in such places as the Mortgagee may require from time to time.

The Mortgagor covenants and agrees to execute and deliver to the Mortgagee from time to time as and when required by the Mortgagee a chattel mortgage charging or a security agreement creating a security interest in all chattels and personal property of whatsoever kind now or hereafter owned by the Mortgagor and situate on or used in connection with the Mortgaged Land, such chattel mortgage to be in favour of the Mortgagee, in form and content acceptable to the Mortgagee and to constitute at all times a valid first mortgage and charge on the said chattels and personal property, and such chattel mortgage or a security agreement creating a security interest in respect thereto shall, at the option of the Mortgagee, be registered in such places as the Mortgagee may require from time to time.

13. RELEASE

The Mortgagor has released, remised and forever quit claimed, and by this Mortgage does release, remise, and forever quit claim unto the Mortgagee all right, title, interest, claim and demand whatsoever of, unto and out of the Mortgaged Land hereby charged or intended so to be, and every part and parcel thereof, so that the Mortgagor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Mortgaged Land or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

14. FINANCIAL STATEMENTS

The Mortgagor further covenants with the Mortgagee to provide annually to the Mortgagee, should the Mortgagee so require, detailed financial statements of the income and expenses of the Mortgaged Land for each calendar year as applicable. Such statements shall be audited by a chartered accountant and provided within one hundred and twenty (120) days after the end of each calendar year, as applicable.

15. ENTRY AFTER DEFAULT

In the event of default in the payment of any principal, interest or any other amount payable under this Mortgage by the Mortgagor or on breach of any covenant, proviso or agreement contained in this Mortgage the Mortgagee may, at such times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon and take possession of the Mortgaged Land and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Land as the Mortgagee 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 under this Mortgage upon the Mortgaged Land and shall bear interest at the Interest Rate until paid.

16. POWER OF SALE

Provided that the Mortgagee on default of payment of any principal, interest or any other amount payable under this Mortgage or in the observing, performing, fulfilling or keeping of one or more of the covenants, agreements or conditions of the Mortgage contained in this Mortgage may, without notice to or the concurrence of the Mortgagor, enter on and lease or sell the Mortgaged Land; and that the Mortgagee may lease or sell as aforesaid without entering into possession of the Mortgaged Land; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power, or that such power had been improperly or irregularly exercised, or that notice had not been given, but any person damaged by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only; and that the Mortgagee may sell the whole or any part or parts of the Mortgaged Land by public auction or private contract, or partly one and partly the other, on such terms as to credit and otherwise as to the Mortgagee shall appear most advantageous and for such prices as can reasonably be obtained therefor; and that sales may be made from time to time of portions to satisfy interest or parts of the principal overdue, leaving the principal or balance thereof to run at interest, payable as aforesaid; and the Mortgagee may make any stipulations as to title, or evidence, or commencement of title, or otherwise, as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of any of the Mortgaged Land and re sell, without being answerable for loss occasioned thereby; and in the case of a sale on credit the Mortgagee shall only be bound to pay to the Mortgagor such monies as have been actually received from purchasers after the satisfaction of the Mortgagee's claim; and for any of such purposes the Mortgagee may make and execute all agreements and assurances the Mortgagee deems fit; and that the purchaser at any sale hereunder shall not be bound to see to the propriety or regularity thereof; and that no want of notice or of publication, if any, required hereby, shall invalidate any sale hereunder; and the Mortgagee will not be liable for any loss which may arise by any such leasing or sale as aforesaid; provided that, notwithstanding the power of sale or leasing and other powers and provisions of this clause, the Mortgagee will have and be entitled to its right of foreclosure of the equity of redemption of the Mortgagor in the Mortgaged Land and any and all other remedies available to it as fully as if said powers and provisions had not been contained herein or acted upon.

E FORM 429 (05/2019)

And it is further agreed between the parties to this Mortgage that until such sale or sales shall be made as aforesaid, the Mortgagee shall and will stand possessed of the rents and profits of the Mortgaged Land in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Mortgaged Land or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, or leases, secondly all costs, charges, damages and expenses of the Mortgagee relating to taxes, prior charges, rents, insurance, repairs, utilities and any other amounts which the Mortgagee may have paid relating to the Mortgaged Land, thirdly in discharge of all interest and costs then due in respect of this Mortgage, fourthly in discharge of the principal money secured by this Mortgage, fifthly in payment of subsequent encumbrances according to their priorities and the residue shall be paid to the Mortgagor as it may direct and shall also in such event, at the request, cost and charge of the Mortgagor transfer, release and assure to the Mortgagor or to such person or persons as it shall direct and appoint, all such parts of the Mortgaged Land as shall remain unsold for the purposes aforesaid, discharged from all this Mortgage, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode.

17. DISTRESS

Provided that if default shall be made in payment of any part of the principal, interest or other monies secured by this Mortgage at any day or time limited in this Mortgage for the payment thereof, it shall and may be lawful for the Mortgagee, and the Mortgagor hereby grants full power and license to the Mortgagee, to enter, seize and distrain upon any goods upon the Mortgaged Land and by distress warrant to recover by way of rent reserved as in the case of a demise of the Mortgaged Land as much of the said principal, interest or other monies secured by this Mortgage as shall from time to time be or remain in arrears or unpaid, together with all costs, charges and expenses (including without limitation costs as between solicitor and his own client) related to such levy or distress as in like cases of distress for rent; and as a part of the consideration for the advance of the principal sum secured by this Mortgage the Mortgagor hereby waives on the exercise of such power and license, all rights to exemption from seizure and distress under any law whatsoever.

18. SPECIFIED AND UNSPECIFIED LIABILITIES

It is hereby agreed that the Mortgagor has, for valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Mortgagor) created this Mortgage as collateral or additional security to further secure the repayment and satisfaction of any obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed (and interest thereon and interest on overdue interest) at any time owing by the Mortgagor or such other party or parties more particularly described in this Mortgage (such party or parties hereinafter referred to as the "Customer") or both, to the Mortgagee pursuant to any guarantees, obligations, notes, promissory notes or any other security instruments or evidences of indebtedness (including all additions thereto, deletions therefrom and substitutions therefor) held by the Mortgagee and as may be more particularly described in this Mortgage (such obligations, debts and liabilities hereinafter referred to as the "Specified Liabilities"). Subject to any statement in this Mortgage that this Mortgage is made as collateral or additional security only to those Specified Liabilities more particularly described in this Mortgage, this Mortgage shall also constitute a continuing collateral or additional security to further secure the repayment and satisfaction of all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed (and interest thereon and interest on overdue interest) at any time owing by the Mortgagor or the Customer or both to the Mortgagee and which are not Specified Liabilities (hereinafter referred to as the "Unspecified Liabilities"; the Specified Liabilities and Unspecified Liabilities (if any) collectively hereinafter referred to as the "Liabilities").

It is hereby agreed that any act done or omitted to be done by any of the parties hereto regarding any of the Liabilities shall not in any way affect or prejudice this Mortgage or the rights or remedies of the Mortgagee hereunder and this Mortgage shall remain and be in force until satisfaction thereof is made by payment of principal, interest, and all other amounts payable hereunder as if no other security was held by the Mortgagee.

Neither the execution and delivery of this Mortgage nor anything herein contained shall prejudice or affect any of the Liabilities but the same shall remain enforceable according to the tenor thereof.

No extension of time hereby or otherwise created shall affect or prejudice the rights of the Mortgagee as regards any of the Liabilities and the Mortgagee hereby reserves all its rights against all other persons, firms or corporations who may at any time be or become liable for the payment of principal, interest or any other amount payable hereunder or any part thereof hereby secured.

19. PRINCIPAL DUE ON DEFAULT

Provided that upon default of the payment of any principal or interest or any other monies payable under this Mortgage by the Mortgagor, or upon breach of any covenant, agreement or proviso herein contained, or upon breach of any covenant, agreement or condition contained in any security collateral to this Mortgage or any offer or commitment letter or other agreement in connection with this Mortgage, or upon any waste being committed or suffered on the Mortgaged Land, or upon the Mortgagor committing an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 (or becoming bankrupt or insolvent, or if a petition in bankruptcy is filed against the Mortgagor, or any authorized assignment for the benefit of creditors is made by the Mortgagor, or if a receiver or trustee for the Mortgagor or for any of the assets of the Mortgagor is appointed, or if there is instituted by or against the Mortgagor any other type of insolvency proceedings under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 or otherwise, or should the Mortgagor be subject to the provisions of the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 or the *Winding-up and Restructuring Act*, R.S.C., 1985, c. W-11 or any other legislation for the benefit of creditors or relating to bankrupt or insolvent debtors, the whole of the monies secured by this Mortgage remaining unpaid shall, at the option of the Mortgagee, forthwith become due and payable and any occurrence as aforesaid shall constitute a breach of covenant pursuant to this Mortgage but waiver of or failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall not prejudice the Mortgagee's rights in the event of any future default or breach.

20. ADDITIONAL ACCELERATION PROVISIONS

PROVIDED that in addition to any other provisions of this Mortgage or of any of the Liabilities or of any other agreement with the Mortgagee, the entire balance of the principal secured hereby together with accrued interest thereon and any other amount payable hereunder and remaining unpaid shall forthwith become due and payable at the option of the Mortgagee upon the occurrence of any of the following events:

- (a) if any payment of principal or interest or both or any part thereof as provided herein is not paid when due or any other monies secured by this Mortgage are not paid when due;
- (b) if the Mortgagor or the Customer is in default under any term, covenant, agreement, proviso or condition of this Mortgage or any of the Liabilities or any evidence thereof or security therefor;
- (c) if the Mortgagor or the Customer fails to observe or perform any other term or provision of any other agreement with the Mortgagee concerning any of the Liabilities;
- (d) if the Mortgagor commits or suffers to be committed any waste on the Mortgaged Land;
- (e) if any representation or warranty made by the Mortgagor or the Customer to the Mortgagee relating to any amounts due under any of the Liabilities is found at any time to be incorrect in any material respect;
- (f) if the Mortgagor or the Customer becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against the Mortgagor or the Customer, or any authorized assignment for the benefit of creditors is made by the Mortgagor or the Customer, or if a receiver or trustee for the Mortgagor or the Customer or for any of the assets of the Mortgagor or the Customer is appointed, or if there is instituted by or against the Mortgagor or the Customer any other type of insolvency proceedings under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 or otherwise;
- (g) if the Mortgagor or the Customer ceases or threatens to cease to carry on a major part of its business conducted at the date of this Mortgage;
- (h) if the Mortgagee in good faith believes that the prospect for repayment of all or any part of any amounts due under any of the Liabilities is impaired;
- (i) if legal implications arise which, in the opinion of the Mortgagee, may be detrimental to the security value of this Mortgage (or of any of the Liabilities); or
- (j) in the event that this Mortgage has been executed by a corporation:
 - (i) if all or any part of the shares in the capital of the Mortgagor shall be issued or transferred by sale, assignment, bequest, inheritance, amalgamation, operation of law or any other manner of disposition so as to result in a change in the control of the Mortgagor, without the prior written consent of the Mortgagee, which consent may be withheld or declined for any reason whatsoever, and the Mortgagor agrees to provide reasonable notice to the Mortgagee of any anticipated or impending transaction which would require the consent of the Mortgagee pursuant to the terms of this clause;
 - (ii) if the Mortgagor, without the prior written consent of the Mortgagee, authorizes the purchase by the Mortgagor of any of its shares;
 - (iii) if a member of the Mortgagor commences an action against the Mortgagor which action relates to this Mortgage, or gives a Notice of Dissent to the Mortgagor in accordance with the provisions of the *Business Corporations Act*, S.B.C., 2002, c. 57, or amendments thereto or a similar notice by a shareholder under other applicable legislation;
 - (iv) if the Mortgagor carries on any business that it is restricted from carrying on by its constating documents;
 - (v) if the Mortgagor uses any of the funds advanced under this Mortgage for any purpose other than as declared to and agreed upon by the Mortgagee;
 - (vi) if the statutory declaration of the Secretary or other officer or director of the Mortgagor which accompanies this Mortgage contains any misstatement;
 - (vii) if an order is made, a resolution is passed, or a motion is filed for the winding up of the Mortgagor;
 - (viii) if any proceedings with respect to the Mortgagor are commenced under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36; or
 - (ix) if in the opinion of the Mortgagee there is a material adverse change in the financial condition of the Mortgagor.

Waiver of or failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall not prejudice the Mortgagee's rights in the event of any future default or breach.

21. ADVANCES

The Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advance in part of the monies secured by this Mortgage, shall bind the Mortgagee to advance the said monies or any unadvanced portion thereof and that the advance of the said monies or any part thereof from time to time shall be in the sole discretion of the Mortgagee, and that all advances are to be made in such manner, at such times as and in such amounts up to the full amount of said monies as the Mortgagee in its sole discretion may determine; but nevertheless the charge of this Mortgage shall take effect forthwith upon the execution of this Mortgage by the Mortgagor and the expenses incurred by the Mortgagee in the examination of the title, valuation of the Mortgaged Land and preparation and registration of this Mortgage are secured by this Mortgage and constitute a charge upon the Mortgaged Land in the event of the whole or any part of the principal sum not being advanced, and the same are charged by this Mortgage upon the Mortgaged Land and shall be payable without demand forthwith at the interest rate and in default the Mortgagee's power of sale and all other remedies available to it shall be exercisable.

22. FIXTURES

It is hereby mutually covenanted and agreed by and between the parties hereto that all erections and improvements fixed or otherwise now on or hereafter put on the Mortgaged Land including, but without limiting the generality of the foregoing, all such erections and improvements described in the definition of Mortgaged Land in Part 2 of this Mortgage, are and shall, in addition to other fixtures on the Mortgaged Land, be and become fixtures and form part of the realty and shall be a portion of the security for the indebtedness under this Mortgage.

23. PARTIAL RELEASE

Provided that the Mortgagee may at all times release any part or parts of the Mortgaged Land or any other security or any surety for payment of all or any part of the monies secured by this Mortgage or may release the Mortgagor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, 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 part of the Mortgaged Land or any other securities or covenants in this Mortgage or elsewhere contained, it being especially agreed that notwithstanding any such release, the Mortgaged Land, securities and covenants remaining unreleased shall stand charged with the whole of the monies hereby secured and all legal and other expenses incurred by the Mortgagee in connection with such discharge.

24. DEFAULT IN PRIOR CHARGES

Provided that should default be made by the Mortgagor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge or other encumbrance to which this Mortgage is subject, then and in that event all of the monies secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and be payable, and all the rights, powers and remedies in and by this Mortgage conferred including the powers of sale contained in this Mortgage shall at the option of the Mortgagee become exercisable as provided in this Mortgage.

25. LIENS AND CONSTRUCTION

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not permit any lien to be acquired against the Mortgaged Land or fixtures thereon under the *Builders Lien Act*, S.B.C., 1997, c. 45 or under any other statute or law at any time in force affecting the Mortgaged Land. Provided that upon the registration of any lien against the Mortgaged Land, or in the event of any buildings being constructed thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the full amount of the monies secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable.

26. INSPECTION

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

27. WASTE, VACANCY AND REPAIR

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not permit waste to be committed or suffered on the Mortgaged Land and that he will maintain the building and other improvements on the Mortgaged Land in good order and repair to the satisfaction of the Mortgagee and will not permit or suffer it to become or remain vacant, that he will comply with the terms of all policies of insurance in respect of the Mortgaged Land, and that the Mortgagee whenever it deems necessary, may by its surveyor or agent enter upon and inspect the Mortgaged Land, and the reasonable cost of such inspection shall be added to the debt secured by this Mortgage.

28. ALTERATIONS

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not make or permit to be made any alterations or additions to the Mortgaged Land without the consent of the Mortgagee.

29. NON MERGER

And it is agreed that the taking of a judgment or judgments on any covenants herein contained shall not operate as a merger of the said covenants or affect the right of the Mortgagee to interest at the rate and times herein provided in this Mortgage; and further that the said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in this Mortgage until the said judgment shall have been fully paid and satisfied.

30. OBLIGATIONS SURVIVE SALE

No sale or other dealing by the Mortgagor with the Mortgaged Land 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.

31. CHANGE IN CONTROL OF THE MORTGAGOR

The Mortgagor agrees that the principal sum secured by this Mortgage and all accrued interest shall at the option of the Mortgagee become immediately due and payable in full in the event that all or any part of the shares in the capital of the Mortgagor shall be issued or transferred by sale, assignment, bequest, inheritance, amalgamation, operation of law or any other manner of disposition so as to result in a change in the control of the Mortgagor corporation, without the prior written consent of the Mortgagee which consent may be withheld or declined for any reason whatsoever. The Mortgagee agrees to provide reasonable notice to the Mortgagor of any anticipated or impending transaction which would require the consent of the Mortgagee pursuant to the terms of this clause.

32. FAMILY LAW ACT

If the Mortgagor is an individual and has a spouse (as the word "spouse" is defined under the *Family Law Act*, S.B.C. 2011, c. 25, as amended) then the Mortgagor represents and warrants that, at the time of granting this Mortgage, the Mortgagor has disclosed to the Mortgagee all interests of the Mortgagor's spouse in the Mortgaged Lands, whether those interests be legal or beneficial, registered or unregistered or otherwise. In the event that the Mortgagor's representation and warranty in this Section 32 is false then all monies secured by this Mortgage shall, at the option of the Mortgagee, become immediately due and payable.

33. PRIOR ENCUMBRANCES

And it is hereby agreed that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or to be claimed upon the Mortgaged Land, having or claiming priority over this Mortgage including any taxes, utility charges or other rates on the Mortgaged Land or any amounts payable to the Strata Corporation (as defined elsewhere in this Mortgage) 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 Land and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize this security, and all solicitor's charges or commissions for or in respect of the collection of any overdue instalments or any other monies whatsoever payable by the Mortgagor under this Mortgage, including without limitation costs as between solicitor and his own client, whether any action or other judicial proceeding to enforce such payment has been taken or not; and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under this Mortgage by the Mortgagee shall be added to the debt secured by this Mortgage and be a charge on the Mortgaged Land and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee; and the non-payment of such amount shall be a default of payment hereunder and shall entitle the Mortgagee to exercise the powers and remedies provided to it under this Mortgage; and 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 the security of this Mortgage or otherwise, the Mortgagee shall be subrogated to and entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if the Mortgagee deems it proper to do so.

34. EXTENSIONS; INTEREST INCREASES

Provided that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, or any other dealing by the Mortgagee with the owner of the equity of redemption of the Mortgaged Land shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for payment of the monies hereby secured; and that the terms of repayment of and the rate of interest payable under this Mortgage may be varied, extended, increased or decreased or otherwise amended as the Mortgagee and the then registered owner(s) of the Mortgaged Land may determine and agree in writing, from time to time and whether before, as at, or after the then maturity date of this Mortgage, and all of the same without prejudice to the rights of the Mortgagee against either the initial Mortgagor hereunder or any other person(s) liable for the payment of the monies secured by this Mortgage; further any alteration aforesaid may but need not be registered against the Mortgaged Land and whether or not so registered, this Mortgage, as so altered, shall rank in priority to any and all interests registered against the Mortgaged Land subsequent to the registration of this immediate mortgage document as if and to the extent that said alteration had been executed and registered, and all monies thereunder advanced, before the execution and registration of any of said subsequent interests.

35. DISCHARGE

The Mortgagee shall have a reasonable time after payment in full of all monies secured by this Mortgage within which to prepare and execute a discharge (or, if requested by the Mortgagor and consented to by the Mortgagee, an assignment) of this Mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge or (assignment) shall be borne by the Mortgagor.

36. OTHER SECURITY

This Mortgage is in addition to and not in substitution for any other security held by the Mortgagee including, without limiting the generality of the foregoing, any promissory note or notes for all or any part of the monies secured under this Mortgage, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or under this Mortgage concurrently or successively at its option, and in such order as the Mortgagee determines in its sole discretion. Any judgment or recovery under this Mortgage or under any other security held by the Mortgagee for, *inter alia*, the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. The Mortgagor covenants and agrees to comply with the terms and provisions of any other or collateral security held by the Mortgagee in connection with this Mortgage, and a breach by the Mortgagor of the terms of any other or collateral security shall constitute a breach and default by the Mortgagor hereunder.

37. PLACE OF PAYMENT

All payments secured hereby shall be made in lawful money of Canada at the branch office address of the Mortgagee designated as the place for payment in Part 1 of this Mortgage, or at such other place as the Mortgagee may designate in writing to the Mortgagor.

38. SEVERABILITY OF ANY INVALID PROVISIONS

If at any time any provision of this Mortgage is declared or held illegal, invalid or unenforceable in whole or in part under or inconsistent with the provisions of any applicable law or would by reason of the provisions of any such law render the Mortgagee unable to collect the amount of any loss sustained by it as a result of making the loan secured by this Mortgage which it would otherwise be able to collect, then such provision shall not apply and shall be construed so as not to apply to the extent that it is illegal, invalid, unenforceable or inconsistent or would so render the Mortgagee unable to collect the amount of any such loss, and this Mortgage will continue in full force and effect and be construed as if it had been executed without such illegal, invalid, unenforceable or inconsistent provision.

39. WITHHOLDINGS FROM PAYMENTS

If the Mortgagor is required by law to make any deduction or withholding from any sum payable by the Mortgagor to the Mortgagee under this Mortgage, then the sum payable by the Mortgagor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Mortgagee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made; and the Mortgagor shall pay the full amount to be deducted or withheld to the relevant taxation or other authorities within the time allowed for such payment under applicable law and shall deliver to the Mortgagee within thirty (30) days after it has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

40. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Mortgagee under this Mortgage 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 under this Mortgage by the Mortgagor shall relieve the Mortgagor from any default under this Mortgage 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.

41. COMMITMENT LETTER

The provisions set forth in any commitment letter or other agreement between the Mortgagor and the Mortgagee will not merge with this Mortgage but shall survive the execution, delivery and registration of this Mortgage except that, if such provisions are inconsistent with the provisions hereof, the Mortgagee may elect which provision shall govern.

42. STRATA LOT

For the purposes of these provisions the "Strata Property Act" means the *Strata Property Act*, S.B.C., 1998, c. 43 and any amendments thereto. "Strata Corporation" means the strata corporation created pursuant to the *Strata Property Act* and governing the administration of the strata lot or lots of which the Mortgaged Land forms part. "By-laws" means the by-laws of the Strata Corporation as amended from time to time. "Strata Lot" and "Owner" have the meanings ascribed to them in the *Strata Property Act*.

In the event that this Mortgage charges land and buildings of the Mortgagor which have been or hereafter become subdivided into Strata Lots, the following provisions shall apply:

FORM 429 (05/2019)

- (a) The Mortgagor covenants and agrees with the Mortgagee to make all payments and to observe and carry out all requirements and duties imposed upon the Mortgagor by the *Strata Property Act* and any By-laws and to pay all levies made by the Strata Corporation of which the Mortgagor is a member, and if the Mortgagor fails to do so the Mortgagee shall have the right (but shall not be obliged) to make any and all such payments on behalf of the Mortgagor, and any amounts so paid shall be added to and form part of the debt secured by this Mortgage and shall forthwith be payable to the Mortgagee, with interest at the rate payable under this Mortgage.
- (b) Subject to the provisions of the *Strata Property Act* in respect of voting rights of mortgagees, the Mortgagee shall have the absolute right at any time to exercise the Mortgagor's power to vote as the Owner of the Strata Lot or Lots charged hereby and as a member of the Strata Corporation for, and on behalf of, and in the place and stead of the Mortgagor to the same extent and with the same effect as the Mortgagor could himself do pursuant to the *Strata Property Act* or the By-laws of the Strata Corporation of which the Mortgagor is a member, or otherwise howsoever. It is agreed that neither this clause nor anything done by virtue hereof shall render the Mortgagee a mortgagee in possession. The right to vote, if exercised by the Mortgagee, shall not render the Mortgagee in any way responsible to protect the interests of the Mortgagor, and the Mortgagee shall not be responsible for the result of any exercise of the right to vote or any failure to exercise the right to vote. The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the Strata Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the 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.
- (c) The Mortgagee shall have the right on demand to require the Mortgagor to deliver to the Mortgagee such proxies or other instruments as may be considered requisite by counsel for the Mortgagee to confer such power of voting upon the Mortgagee.
- (d) The Mortgagor hereby authorizes in writing any officer of the Mortgagee to apply at any time and from time to time during the term of this Mortgage to the Strata Corporation of which the Mortgagor is a member to have the By-laws for the time being in force governing the Strata Lot and interest in common property hereby mortgaged made available for inspection by such officer of the Mortgagee.
- (e) The Mortgagor further hereby authorizes in writing any officer of the Mortgagee to apply as the authorized agent of the Mortgagor at any time, and from time to time, to the Strata Corporation for certification to the Mortgagee within seven days of:
- (i) the amount of any contribution determined by the Strata Corporation pursuant to the *Strata Property Act* as the contribution of the Mortgagor;
 - (ii) the manner in which the contribution is payable;
 - (iii) the extent to which the contribution has been paid by the Mortgagor; and
 - (iv) the amount of any money expended by the Strata Corporation on behalf of the Mortgagor and due by the Mortgagor pursuant to the *Strata Property Act* and not recovered by the Strata Corporation.

43. RECEIVERSHIP

Notwithstanding anything contained in this Mortgage it is declared and agreed that at any time and from time to time when there shall be default in the payment of principal, interest or any other amounts payable under this Mortgage or the performance of any of 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 Land, or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of, any person, whether an officer or officers or an employee or employees of the Mortgagee or not, as a receiver (which term as used in this paragraph and elsewhere in this Mortgage includes a receiver manager and receiver and manager and also includes the plural as well as the singular) of the Mortgaged Land, or any part thereof and of the rents and profits thereof, and with or without security, and may, when the appointment of the receiver is by instrument, from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Mortgagee and any person so appointed 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 receiver from time to time the following provisions shall apply:

- (a) Every receiver shall have unlimited access to the Mortgaged Land 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:
- (v) collect the rents and profits from tenancies whether created before or after this Mortgage;
 - (vi) rent any portion of the Mortgaged Land which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;
 - (vii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Land 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;
 - (viii) manage, operate, repair, alter or extend the Mortgaged Land or any part thereof and carry on the business of the Mortgagor;
 - (ix) sell or grant options to purchase the Mortgaged Land, or any part thereof, at public auction, by public or private tender, or by private sale, on terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;
 - (x) rescind or vary any contract or agreement of sale or lease;
 - (xi) borrow such sum or sums as will in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates; and
 - (xii) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties. The Mortgagor undertakes to ratify and confirm whatever any receiver may do in the premises.

E FORM 429 (05/2019)

- (b) The Mortgagee at its discretion may vest the receiver with all or any of the rights and powers of the Mortgagee.
- (c) The Mortgagee may from time to time during the currency of the appointment of a receiver fix the reasonable remuneration of the receiver and such remuneration together with all costs and expenses of the receiver when paid by the Mortgagee, shall be added to all other monies owing by the Mortgagor to the Mortgagee under this Mortgage, shall be payable by the Mortgagor to the Mortgagee together with interest at the same rate as applies to the principal secured by this Mortgage and shall be a charge on the Mortgaged Land. The receiver shall be entitled to deduct any remuneration, costs and expenses out of the revenue or out of any sale proceeds realized from the Mortgaged Land. The Mortgagee shall be under no liability to the receiver for his remuneration, costs or expenses.
- (d) All sum or sums of money borrowed by the receiver and secured by receiver certificates shall be a charge on the Mortgaged Land.
- (e) Every receiver shall be deemed the agent or attorney of the Mortgagor for such purposes as the receiver shall deem necessary, including, without limitation, carrying out any sale of all or any part of the Mortgaged Land and affixing the seal of the Mortgagor to any deeds, transfers, conveyances, assignments, assurances and things which the Mortgagor ought to execute to complete any sale of all or any part of the Mortgaged Land or alternatively executing the same under his own seal by conveying in the name of and on behalf of the Mortgagor and under his own seal, and any deed or other instrument signed by him under his seal pursuant hereto shall have the same effect as if it were executed under the common seal of the Mortgagor and in no event shall the receiver be the agent of the Mortgagee and the Mortgagee shall not be responsible for the acts and omissions of the receiver.
- (f) The appointment of any 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 Land.
- (g) No receiver shall be liable to the Mortgagor to account for monies other than monies actually received by him in respect of the Mortgaged Land or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:
 - (xiii) claims of all secured and unsecured creditors ranking in priority to this Mortgage;
 - (xiv) all remuneration, costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authorities hereby conferred, excluding the receiver's borrowings;
 - (xv) to the Mortgagee any sum or sums borrowed by the receiver from the Mortgagee and interest thereon as secured by receiver certificates;
 - (xvi) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee in its sole discretion shall determine;
 - (xvii) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Mortgagee and interest thereon as secured by receiver certificates;
 - (xviii) any surplus shall, subject to the rights of other creditors, be paid to the Mortgagor.
- (h) Save as to its right to obtain from the receiver an accounting under clause (g) of this paragraph 43, the Mortgagor hereby releases and discharges any 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 him by reason or as a result of anything done by the receiver unless such claim is a direct and proximate result of dishonesty or fraud.
- (i) The Mortgagee may at any time and from time to time terminate any appointment of a receiver by instrument, by notice in writing to the Mortgagor and to any receiver.
- (j) The statutory declaration of an officer of the Mortgagee as to default under the provisions of the 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 notwithstanding any contrary assertion by the Mortgagor.
- (k) The rights and powers conferred herein in respect of the receiver are in addition to and not in substitution for any other rights and powers which the Mortgagee may have.

44. COMPLIANCE WITH THE LAW

The Mortgagor covenants and agrees to 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 of all private covenants and restrictions affecting the Mortgaged Land 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 its own expense make any and all improvements thereon or alterations to the Mortgaged Land 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. The Mortgagee whenever it deems necessary may by its surveyor or agent enter upon and inspect the Mortgaged Land and make such improvements and alterations and take all such other action as the Mortgagee deems necessary to render the Mortgaged Land in compliance with such laws, rules, requirements, orders, directions, by laws, ordinances, work orders or regulations and the reasonable cost of such inspection, improvements, alterations and other actions with interest at the rate set forth in this Mortgage shall be payable by the Mortgagor forthwith upon demand and be a charge upon the Mortgaged Land.

45. MORTGAGEE EXPENSES

The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses incurred by the Mortgagee of and incidental to this Mortgage and any security collateral thereto including the preparation and registration hereof, and thereof, and incidental to any and all other documents required in connection herewith or therewith and of any amendment or renewal hereof or thereof and of anything done in connection with the enforcement of the security granted hereby or thereby or the procuring or the payment of any monies payable under this Mortgage including, without limiting the generality of the foregoing, all solicitors' fees and disbursements, costs and expenses in valuing the Mortgaged Land in connection with the foregoing and all monies advanced by the Mortgagee at its option in order to preserve or protect the Mortgaged Land. The Mortgagor further agrees that, such amounts shall be paid by the Mortgagor forthwith upon demand and until paid shall bear interest at the rate provided for in this Mortgage and shall be a charge on the Mortgaged Land.

46. SALE OF MORTGAGED LAND AND FURTHER ENCUMBRANCES

IT IS AGREED that if the Mortgagor, without the prior written consent of the Mortgagee, further encumbers the Mortgaged Land or sells, conveys, transfers, exchanges, assigns, leases or otherwise disposes of any of its interest therein, or enters into any agreement to effect any of the foregoing, then all monies secured by this Mortgage with interest thereon shall, at the option of the Mortgagee, become immediately due and payable. And it is further understood and agreed that the Mortgagor shall not create nor suffer to be created, any mortgage, charge, lien or encumbrance upon the Mortgaged Land ranking or capable of ranking in priority to or *pari passu* with this Mortgage, AND IT IS HEREBY DECLARED that this provision being a term of this Mortgage shall be notice within the meaning of the *Land Title Act*, R.S.B.C. 1996, c 250 to every person dealing with the Mortgaged Land that any mortgage, charge, lien or encumbrance upon the Mortgaged Land which is registered subsequently to this Mortgage shall be subject to and rank in priority after this Mortgage in all respects to the same extent as if this Mortgage had been executed, delivered and registered and as if all monies hereby secured (regardless of the date of advances or re advances by the Mortgagee) had been advanced prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of any part of the monies thereby secured and, without limiting the generality of the foregoing, in the event of this Mortgage being security for a guarantee or guarantees given by the Mortgagor to the Mortgagee, any such subsequently registered mortgage, charge, lien or encumbrance shall rank in priority after this Mortgage to the same extent as if demand by the Mortgagee had been made for payment of the aggregate principal amount secured by this Mortgage in accordance with the terms of this Mortgage and the said guarantee or guarantees prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of all or any part of the monies thereby secured.

47. FURTHER ASSURANCES

The Mortgagor will at all times and from time to time, at the request of the Mortgagee, do and execute or cause to be done and executed all things reasonably required for the better assuring to the Mortgagee of a valid charge over the Mortgaged Land.

48. NO DEDUCTIONS

The Mortgagor agrees that notwithstanding anything to the contrary contained herein, all payments due from or made by the Mortgagor shall be made without set off or counterclaim and without any deductions or withholdings whatsoever.

49. MAXIMUM INTEREST RATE

Notwithstanding the rate or rates of interest payable as set forth in this Mortgage, the rate or rates of interest payable hereunder and secured hereby shall in no event exceed the maximum rate permitted under the laws of British Columbia or the laws of Canada having effect in British Columbia.

50. PARAGRAPH HEADINGS

The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of this Mortgage and are not to be considered in the construction or interpretation of this Mortgage or any part thereof.

51. APPLICABLE LAW

This Mortgage and the rights and obligations hereunder shall be governed and construed according to the laws of the Province of British Columbia.

52. DATE OF MORTGAGE

This Mortgage, unless otherwise specifically provided, shall be deemed to be dated as of the date of execution of Part 1 of this Mortgage by the first named Mortgagor.

53. CONSOLIDATION

This Mortgage is subject to the doctrine of consolidation as and to the extent permitted by Section 31 of the *Property Law Act*, R.S.B.C., 1996, c. 377.

54. TAX ON LOAN

The Mortgagor shall pay to the Mortgagee, on demand, the amount of any taxes (other than the Mortgagee's income taxes) which may be imposed upon or in respect of the principal money advanced on this Mortgage together with interest thereon and which the Mortgagee may be called upon to pay, together with interest from the date on which such taxes are paid by the Mortgagee at the rate and compounded in the manner provided in this Mortgage.

55. EXECUTION UNDER SEAL

If Part 1, Part 2 or a copy of either of them is executed under seal by the Mortgagor or Covenantor such execution shall constitute evidence that the instrument so executed is to take effect as a deed.

56. COVENANTOR

It is agreed that the following paragraph 56 applies only if this Mortgage has been executed by a party as a covenantor:

It being a condition of the making of the loan referred to in this Mortgage that the covenant hereinafter set forth should be entered into by such party (the "Covenantor"), the Covenantor in consideration of the advance in whole or in part of the monies secured by this Mortgage does hereby covenant, promise and agree as principal debtor and not as surety to and with the Mortgagee that he will pay, or cause to be paid, to the Mortgagee the said principal sum and all other monies secured by this Mortgage together with interest thereon, on the days and at the times, and in the manner stated in this Mortgage and shall observe and perform all of the covenants, provisos, conditions, agreements and stipulations in this Mortgage, and shall abide by and submit to and hereby agrees to all conditions, provisos and stipulations in this Mortgage on the part of the Mortgagor set forth, and these covenants shall be binding notwithstanding the giving of time for payment of this Mortgage or the varying of terms of payment thereof or the rate of interest thereon.

57. INTERPRETATION

It is agreed that the expressions "Mortgagor", "Mortgagee" and "Covenantor" wherever used in this Mortgage shall include the heirs, executors, administrators, successors and assigns of the Mortgagor, the Mortgagee and the Covenantor respectively, that in the event of this Mortgage being executed by two or more mortgagors, or two or more covenantors, the covenants on the part of the Mortgagor and the Covenantor herein contained shall be and be deemed to be joint and several covenants, and wherever the singular or masculine is used throughout this Mortgage the same shall be construed as meaning the plural or the feminine or body corporate or politic where the context or the parties to this Mortgage so require.

ACKNOWLEDGEMENT

Each of the undersigned, being a Covenantor, hereby gives the above covenants, promises and agreements under seal and acknowledges receipt at or before the time of execution of this Mortgage of:

- (1) a true copy of this set of standard mortgage terms; and
- (2) a copy of Part I and any schedules thereto including a statement of any modifications (by way of additions, amendments or deletions) to this set of standard mortgage terms.

DATE OF SIGNATURE

	Y M D	
WITNESS		COVENANTOR (seal)

	Y M D	
WITNESS		COVENANTOR (seal)

ACKNOWLEDGEMENT

Each of the undersigned, being the Mortgagor, hereby acknowledges receipt at or before the time of execution of this Mortgage of:

- (1) a true copy of this set of standard mortgage terms; and
- (2) a copy of Part I and any schedules thereto including a statement of any modifications (by way of additions, amendments or deletions) to this set of standard mortgage terms.

DATE OF SIGNATURE

Y M D	
	MORTGAGOR
Y M D	
	MORTGAGOR