

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF s. 243 (1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43**

BETWEEN:

ECN FINANCIAL INC.

Applicant

- and -

**2345760 ONTARIO INC., RANDO DRUGS LTD, 2275518 ONTARIO INC., FAMILY HEALTH
PHARMACY WEST INC. (formerly known as M. BLACHER DRUGS LTD.), 2501380 ONTARIO
INC., 2527218 ONTARIO INC., DUMOPHARM INC. and 2527475 ONTARIO INC.**

Respondents

APPLICATION RECORD

December 3, 2019

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Toronto, ON M5H 3S1

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Lawyers for the Applicant

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Rando Drugs Ltd.
2275518 Ontario Inc.
2501380 Ontario Inc.
2527218 Ontario Inc.
Dumopharm Inc.
2527475 Ontario Inc.
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

AND TO: Family Health Pharmacy West Inc. (formerly known as M. Blacher Drugs Ltd.)
1604 Tecumseh Rd. W
Windsor, ON N9B 1T8

AND TO: JEROME H. STANLEIGH
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Lawyer for the Respondents

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Lawyers for the proposed receiver
KSV Kofman Inc.

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Tab 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF s. 243 (1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43**

BETWEEN:



ECN FINANCIAL INC.

Applicant

- and -

**2345760 ONTARIO INC., RANDO DRUGS LTD, 2275518 ONTARIO INC., FAMILY
HEALTH PHARMACY WEST INC. (formerly known as M. BLACHER DRUGS LTD.),
2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. and
2527475 ONTARIO INC.**

Respondents

APPLICATION UNDER s. 243 (1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, and
Rules 14.05 (2) and (3) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, all as
amended.

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The
claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on Wednesday, December, 4,
2019 at 9:30 a.m. or as soon thereafter as this application can be heard, at 330
University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any
step in the application or to be served with any documents in the application, you or
an Ontario lawyer acting for you must forthwith prepare a notice of appearance in
Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's
lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and
file it, with proof of service, in this court office, and you or your lawyer must appear at
the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date December 3, 2019

Issued by 
Local registrar
C. Irwin
Registrar

Address of court office 330 University Avenue
7th Floor MSG
Toronto, ON M5J 1R7

TO: 2345760 Ontario Inc.
Rando Drugs Ltd.
2275518 Ontario Inc.
2501380 Ontario Inc.
2527218 Ontario Inc.
Dumopharm Inc.
2527475 Ontario Inc.
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

AND TO: Family Health Pharmacy West Inc. (formerly known as M. Blacher
Drugs Ltd.)
1604 Tecumseh Rd. W
Windsor, ON N9B 1T8

APPLICATION

1. The applicant, ECN Financial Inc. ("**ECN**"), makes application for:
 - (a) An Order dispensing with service, if necessary;
 - (b) Alternatively, an order abridging time for service of this notice of application, if necessary, and validating service of notice hereof;
 - (c) An order, in substantially the form attached hereto as Schedule "A", pursuant to section 243 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**"), appointing KSV Kofman Inc. ("**KSV**") as receiver (in such capacities, the "**Receiver**"), without security, of all of the assets, undertaking and property of 2345760 Ontario Inc. ("**2345**" or the "**Borrower**"), Rando Drugs Ltd. ("**Rando**"), 2275518 Ontario Inc., Family Health Pharmacy West Inc. (formerly known as M. Blacher Drugs Ltd.), 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc. and 2527475 Ontario Inc. (collectively, the "**Debtors**"); and
 - (d) Such further and other relief as may be required in the circumstances and which this Honourable Court deems just.

2. The grounds for the application are:

Background

- (a) The Debtors, through Rando, operate four pharmacies located in Windsor and Walpole Island (collectively, the "**Pharmacies**");
- (b) Dani Diena is the president of each of the Debtors;

The Secured Debt Facility

- (c) Pursuant to five promissory notes executed by 2345 between February 25, 2013 and March 31, 2017 (collectively, the “**Promissory Notes**”), ECN advanced the principal amount of \$3,989,250.00;
- (d) The obligations of the Borrower were guaranteed by Rando, Grace Diena, 2275518 Ontario Inc., Family Health Pharmacy West Inc. (formerly known as M. Blacher Drugs Ltd.), 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc. and 2527475 Ontario Inc. (collectively, the “**Guarantors**”) pursuant to various guarantees executed by the Guarantors between February 2013 and March 2017 (collectively, the “**Guarantees**”);
- (e) ECN holds security over the assets, property and undertaking of the Debtors pursuant to General Security Agreements executed by the Borrower and the Guarantors between February 28, 2013 and May 29, 2017 (collectively, the “**ECN Security**”);
- (f) ECN is the first registered secured creditor under the *Personal Property Security Act*, as against the Debtors (except as against 2275518 Ontario Inc.), subject only to possible purchase money security interests of any inventory suppliers and equipment lenders;

The Defaults Under the ECN Security

- (g) Beginning in March 2018, the Borrower defaulted under the Promissory Notes and the ECN Security including, without limitation, failure to make payments under certain of the outstanding Promissory Notes which matured on March 15, 2018;
- (h) ECN demanded payment from the Debtors and delivered Notices of Intention to Enforce Security in accordance with section 244 of the *BIA* on or about October 18, 2018 and May 17, 2019;

The Forbearance Agreement

- (i) In November 2018, the Debtors advised ECN that an agreement of purchase and sale relating to the Pharmacies had been executed. The closing date for the purchase agreement was extended on several occasions until April 30, 2019;
- (j) The purchase agreement did not ultimately close. However, the Debtors indicated to ECN that they wished to continue to pursue other opportunities to sell the Pharmacies and/or related assets and, alternatively, pursue various refinancing alternatives;
- (k) ECN indicated that, in light of the above-noted defaults, it would only agree to this provided that the Debtors entered into a forbearance agreement. Accordingly, ECN and the Debtors entered into a forbearance agreement on July 17, 2019 ("**Forbearance Agreement**");
- (l) Under the terms of the Forbearance Agreement, the Debtors were, among other things, required to:
 - (i) continue to pay all required payments under the Promissory Notes;
 - (ii) appoint a refinancing and sales advisor ("**Advisor**") for the purposes of developing, administering and conducting a refinancing or sale process (the "**RSP**") in respect to the Pharmacies and related assets;
 - (iii) acknowledge that the appointment of the Advisor did not preclude such Advisor from acting as a court-appointed receiver in a formal court proceeding;
 - (iv) execute an irrevocable direction directing that any funds or proceeds generated through a RSP transaction would be paid to ECN;

- (v) execute a consent to an order appointing a court-appointed receiver over the assets and property of the Debtors (the "**Consent Receivership Order**"), which was to be held in escrow until the termination of the Forbearance Agreement or the occurrence of an intervening event; and
 - (vi) pay ECN's accrued legal fees within 30 days from the effective date for the Forbearance Agreement.
- (m) pursuant to the Forbearance Agreement, the forbearance was to terminate on the earlier of:
- (i) on November 30, 2019 ("**Forbearance Period**"), unless the Debtors presented evidence of an executed commitment letter or an executed agreement of purchase and sale in respect to the Pharmacies closing on or before December 31, 2019, in which case ECN could exercise its sole discretion to extend the Forbearance Period to December 31, 2019; or
 - (ii) upon the occurrence of an intervening event ("**Intervening Event**"), including the Debtors' failure to make a required payment, a breach of a covenant under the Forbearance Agreement or ECN determining in its absolute discretion that continuing with the forbearance will negatively impact the ECN Security;
- (n) Upon the termination or expiration of the Forbearance Period, the Forbearance Agreement provides that ECN can take steps to issue the Consent Receivership Order;
- (o) Pursuant to the terms of the Forbearance Agreement, the Debtors appointed KSV Advisory Inc. ("**KSV**") (originally a different firm had been chosen to act as Advisor but all parties agreed to the appointment

of KSV) to act as their advisor (the "**Advisor**") to conduct the RSP for the Pharmacies in July 2019;

The RSP

- (p) On or about November 3, 2019, the Debtors entered into a purchase agreement for the purchase of the Pharmacies (the "**Sale Agreement**"), which revised a prior unsuccessful transaction with this party for the Pharmacies;
- (q) The Sale Agreement was conditional until December 3, 2019 in respect to financing, the approval of the purchaser's lawyer, the purchaser's due diligence and upon being satisfied with the Pharmacy Leases;
- (r) As of December 2, 2019, these conditions have not been waived;

The Purported Lease Termination

- (s) On November 28, 2019, ECN and KSV learned for the first time that the Landlord for one of the Pharmacies had purported to terminate the lease for one of the Windsor locations (the "**Windsor Lease**"), effective December 31, 2019 (the "**Purported Landlord Termination**"), on the basis that it was a "month to month" lease;
- (t) The Purported Landlord Termination is contrary to the fact the Debtors had provided ECN with a signed extension agreement extending the Windsor Lease to December. It is ECN's understanding that the rent is current and there are no defaults under the Windsor Lease;
- (u) By failing to advise ECN or KSV of the Purported Landlord Termination for over two months, the Debtors breached a covenant under the Forbearance Agreement to keep all leases current, which constitutes an Intervening Event under the Forbearance Agreement. The termination of one of the Pharmacy Leases is of serious concern to ECN as it will



significantly impact ECN's ability to realize and fully recover upon the ECN Security;

- (v) When questioned about the impact the Purported Landlord Termination would have on the Sale Agreement, ECN was advised by the Debtors that the transaction had evolved into a "new deal" which contemplated the Debtors and the purchaser would open four new pharmacies in lieu of the existing purchase transaction. At no time prior to this had the Debtors ever informed ECN or KSV of this reformulation of the transaction nor have the Debtors ever provided ECN or KSV with a copy of an amended sale agreement;
- (w) The Debtors' failure to apprise ECN of the Purported Landlord Termination or of the changes to the terms of the Sale Agreement call into question the reliability of the information provided by the Debtors. This raises significant concerns for ECN;

Additional Defaults under the Forbearance Agreement

- (x) In addition to the above, the Debtors have also failed to: (i) provide confirmation that insurance in respect to each of the Pharmacies remains in full force and effect; (ii) make payments in the amount of \$10,000 that were to have been paid on October 17, 2019 and November 17, 2019; and (iii) pay all of ECN's outstanding legal fees as required under the Forbearance Agreement. All of these defaults constitute Intervening Events under the Forbearance Agreement;
- (y) Despite ECN's demands, the Debtors have failed to rectify the above-noted defaults;
- (z) the sum of \$4,125,562.80 is currently owed to ECN as at November 30, 2019;

- (aa) In light of these defaults, and, in particular, ECN's serious concerns as noted above and the likely negative impact on ECN's realization under the ECN Security, ECN has determined that it has no choice but to seek the appointment of a court-appointed receiver in respect to the Debtors in order to realize upon its security;
- (bb) The Forbearance Agreement has expired and the Debtors previously signed a consent to the appointment of a receiver, as required under the Forbearance Agreement;
- (cc) ECN respectfully submits that the appointment of a receiver under the Consent Receivership Order is necessary for the protection of the Debtors' estates for the benefit of all creditors of the Debtors, including ECN, and is just and convenient under the circumstances;
- (dd) KSV Kofman Inc. has consented to its appointment as court-appointed receiver;
- (ee) Section 243 (1) of the *BIA*, section 101 of the *CJA*, and Rules 3.02 and 14.05 (2) and (3) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (ff) Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

- (a) The Affidavit of Adam Flomen, sworn, and the Exhibits thereto;
- (b) the Report of KSV Kofman Inc. as proposed receiver of the Debtors; and
- (c) Such further and other evidence as counsel may advise and this Honourable Court may permit.

December 3, 2019

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Craig A. Mills LSO#: 40947B
Tel: 416.595.8596

Lawyers for the Applicant

CV-19-00632/06-0001
Court File No:

ECN FINANCIAL INC. and 2345760 ONTARIO INC. et al.
Applicant Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

NOTICE OF APPLICATION

MILLER THOMSON LLP
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40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Craig A. Mills LSO#: 40947B
Tel: 416.595.8695
Fax: 416.595.8695

Lawyers for the Applicant

11

Tab 2

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF s. 243 (1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43**

BETWEEN:

ECN FINANCIAL INC.

Applicant

- and -

**2345760 ONTARIO INC., RANDO DRUGS LTD, 2275518 ONTARIO INC., FAMILY
HEALTH PHARMACY WEST INC. (formerly known as M. BLACHER DRUGS LTD.),
2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. and
2527475 ONTARIO INC.**

Respondents

**AFFIDAVIT OF ADAM FLOMEN
(sworn December 3, 2019)**

I, Adam Flomen, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am Vice President, Special Accounts of the Applicant, ECN Financial Inc. ("**ECN**"), successor in interest to Element Financial Corporation, and, as such, I have knowledge of the matters to which I hereinafter depose. Where I depose based upon information and belief obtained from others, I have stated the source of that information and belief and I believe it to be true.

2. I make this Affidavit in support of ECN's application for the appointment of KSV Kofman Inc. ("**KSV**") as receiver of the assets, undertaking and business of the Respondents, 2345760 Ontario Inc. (the "**Borrower**"), Rando Drugs Ltd. ("**Rando**"), 2275518 Ontario Inc. ("**518**"), Family Health Pharmacy West Inc., formerly known as M. Blacher Drugs Ltd. ("**West Inc.**"), 2501380 Ontario Inc. ("**380**"), 2527218 Ontario Inc. ("**218**"), Dumopharm Inc. ("**Dumopharm**") and 2527475 Ontario Inc. ("**475**")

(collectively referred to hereafter as the “**Rando Companies**”), pursuant to section 243 of the *Bankruptcy and Insolvency Act* (the “**BIA**”) and section 101 of the *Courts of Justice Act* (the “**CJA**”) on the basis that the appointment of a receiver is necessary to preserve and protect, among other things, the Respondents’ business, assets, books and records. Grace Diena (“**Grace**”) is also a Respondent, but no Order is being sought against her for now. The Applicant is reserving the right to pursue relief against Grace in the future should it become advisable or necessary to do so.

3. As is set out in more detail below:

- (a) the Applicant is owed in excess of \$4,000,000, which obligations are fully secured on all of the assets of the Rando Companies as well as by Grace;
- (b) The Forbearance Agreement has now expired or terminated as it is both past the termination date (November 30, 2019) and the Respondents are in default of their obligations thereunder;
- (c) The Rando Companies and Grace have signed a consent to the appointment of a receiver and have consented to the appointment of KSV Kofman Inc. (“**KSV**”);¹
- (d) The Applicant has just learned of new information regarding a purported lease termination at one of the Rando Companies’ most important pharmacy locations which may significantly adversely impact the Applicant’s position;
- (e) KSV was previously engaged as the “Advisor” to conduct a refinancing and sale process and is very familiar with the Rando Companies and the business as a result of that engagement; and

¹ References to KSV herein may refer to KSV Kofman or its affiliates.

- (f) It is critical that a receiver is appointed immediately in order to preserve the Applicant's security position, particularly in light of new information discovered by the Applicant.

The Parties

4. ECN is a corporation duly incorporated pursuant to the laws of the Province of Ontario. It carries on business as a finance company, with offices in Toronto and elsewhere. ECN provides financing to a variety of businesses, including to pharmacies.

5. ECN was formerly known as Element Financial Inc. ("EFI")² and is the successor in interest to Element Financial Corporation ("EFC"). For ease of reference, ECN, EFI and EFC will be collectively referred to as "ECN".

6. The Rando Companies are corporations duly incorporated pursuant to the laws of the Province of Ontario. The registered head office for each of the Rando Companies except for West Inc. is 200-4256 Bathurst Street in Toronto, Ontario. The address for West Inc. is 1604 Tecumseh Road West in Windsor, Ontario. Attached hereto and collectively marked as **Exhibit "A"** to this my Affidavit are true copies of the Ontario Corporation Profile Reports for each of the Rando Companies.

7. Daniel (Dani) Diena ("**Diena**") is an officer and director of each of the Rando Companies.

8. Rando operates four pharmacies, three of which are located in Windsor and one of which is located in Walpole, Ontario (collectively, the "**Pharmacies**"). The Pharmacies operate under the "PharmaChoice" banner. The Pharmacies are located at the following addresses:

² By way of Articles of Amendment dated October 3, 2016, EFI changed its name to ECN.

- (a) Family Health Pharmacy
6720 Hawthorne Dr.
Windsor, ON N8T 1J9 (the "**Hawthorne Pharmacy**")

- (b) Family Health Pharmacy West³
1604 Tecumseh Rd. W
Windsor, ON N9B 1T8 (the "**Tecumseh Pharmacy**")

- (c) Family Health Pharmacy Novacare
3A-1275 Walker Rd.
Windsor, ON N8Y 4X9 (the "**Novacare Pharmacy**")

- (d) Family Health Pharmacy Walpole Island
85 Tecumseh Rd. RR3
Wallaceburg, ON N8A 4K9 (the "**Walpole Pharmacy**").

Financing

9. The Applicant has provided financing to the Rando Companies since February 2013.

10. Between February 25, 2013 and March 31, 2017, ECN provided financing to the Borrower pursuant to the following promissory notes (collectively, the "**Promissory Notes**"):

- (a) On or about February 25, 2013, the Borrower executed a Promissory Note in favour of ECN in the principal amount of \$1,150,000, with interest at the rate of 8.5% per annum (the "**First Note**"). Attached hereto and marked as **Exhibit "B"** to this my Affidavit is a true copy of the First Note;

- (b) On or about January 15, 2016, the Borrower executed a Promissory Note in favour of ECN in the principal amount of \$725,847.50, with interest at the rate of 6.5% per annum (the "**Second Note**"). Attached hereto and marked as **Exhibit "C"** to this my Affidavit is a true copy of the Second Note;
- (c) On or about February 26, 2016, the Borrower executed a Promissory Note in favour of ECN in the principal amount of \$1,753,597.50, with interest at the rate of 6.5% per annum (the "**Third Note**"). Attached hereto and marked as **Exhibit "D"** to this my Affidavit is a true copy of the Third Note;
- (d) On or about September 12, 2016, the Borrower executed a Promissory Note in favour of ECN in the principal amount of \$1,503,597.50, with interest at the rate of 6.5% per annum (the "**Fourth Note**"). Attached hereto and marked as **Exhibit "E"** to this my Affidavit is a true copy of the Fourth Note;
- (e) On or about March 31, 2017, the Borrower executed a Promissory Note in favour of ECN in the principal amount of \$181,500.00, with interest at the rate of 7.25% per annum (the "**Fifth Note**"). Attached hereto and marked as **Exhibit "F"** to this my Affidavit is a true copy of the Fifth Note;

11. As general and continuing security for the payment and performance of all of its obligations to ECN, the Borrower's obligations to ECN were secured by way of various General Security Agreements executed by the Borrower on February 25, 2013, January 15, 2016, February 29, 2016, September 12, 2016 and March 29, 2017 (collectively, the "**Borrower's Security**"). The Borrower's Security has been registered pursuant to the *Personal Property Security Act* (Ontario) (the "**PPSA**")

³ This should not be confused with the Respondent, Family Health Pharmacy West Inc., which does not own the Tecumseh Pharmacy

registration bearing registration number 20130225 1709 1462 8571. Based on the timing of registration, the Applicant is the first secured creditor against the Borrower. Attached hereto and marked as **Exhibit "G"** to this my Affidavit are true copies of the Borrower's Security.⁴

The Guarantees and Related Security

12. In support of the Borrower's obligations to ECN, Rando, 518, West Inc., 380, 218, Dumopharm and 475 (collectively, the "**Guarantors**") each executed guarantees (collectively, the "**Guarantees**") in respect to the obligations of the Borrower in respect to the Promissory Notes.⁵ The Guarantors also executed General Security Agreements ("**GSA**")⁶ in favour of ECN as general and continuing security for the payment and performance of all of the Borrower's obligations to ECN (the "**Guarantors' Security**", together with the Borrower's Security, the "**Rando Security**"). ECN registered its security interest arising from the Guarantors' Security as against the Guarantors pursuant to the PPSA. A summary of the Guarantees and Guarantor's Security given by the Rando Companies is as follows:

Debtor	Guarantee Date(s)	GSA Date(s)	PPSA Registration No.
Rando	February 25, 2013, January 15, 2016, February 29, 2016, September 12, 2016 and March 29, 2017	February 25, 2013, January 15, 2016, February 29, 2016, September 12, 2016 and March 29, 2017	20130225 1709 1462 8571
518	February 25, 2013, January 15, 2016, February 29, 2016, September 12, 2016 and March 29, 2017	February 25, 2013, January 15, 2016, February 29, 2016, September 12, 2016 and March 29, 2017	20130225 1709 1462 8571

⁴ As the form of the GSA is the largely the same in each case, the most recent GSA signed by the Borrower is attached for convenience.

⁵ Grace has also executed several guarantees.

⁶ Grace has also executed several GSAs in support of her guarantee.

Debtor	Guarantee Date(s)	GSA Date(s)	PPSA Registration No.
		29, 2017	
West Inc.	February 29, 2016	February 29, 2016	20160223 1702 1462 7664
380	February 29, 2016	February 29, 2016	20160223 1702 1462 7664
218	September 12, 2016	September 12, 2016	20160912 1001 1462 1993
Dumopharm	September 12, 2016 and March 29, 2017	September 12, 2016 and March 29, 2017	20160912 1001 1462 1993
475	September 12, 2016	September 12, 2016	20160912 1001 1462 1993

13. Except in respect to 518, ECN is the first registered secured creditor based on the PPSA registrations listed above. In respect to 518, the Applicant is the second registered secured creditor. The first secured creditor is National Leasing Group Inc. ("**National Leasing**").⁷

14. Attached hereto to this my Affidavit and marked as **Exhibits "H" and "I"** are true copies of the Guarantees and the Guarantor's Security. Due to the length and number of PPSA search results in respect to the Rando Companies, I have not attached them to my affidavit. However, in that regard, I am attaching as **Exhibit "J"** a copy of a search summary listing the PPSA registrations against the Rando Companies as at May 2019.

Other Secured Creditors

⁷ **Note:** The PPSA registration is restricted to "Equipment" only.

15. In most cases, the Applicant is the only registered secured creditor in respect to the Rando Companies. The exceptions are as follows:

- (a) **In respect to Rando:** McKesson Canada Corporation ("**McKesson**"), Thinking Capital, Ford Credit Canada Limited ("**Ford Credit**"), National Leasing, CIT Financial Ltd. ("**CIT**") (all of which are registered after the Applicant);
- (b) **In respect to 518:** National Leasing, Ford Credit, Toronto-Dominion Bank, CFE Financial Ltd. and RJE Investments Inc. (all of which are registered after the Applicant, except for National Leasing);
- (c) **In respect to 380:** Michael Blacher and Blacher Family Business Trust (registered after the Applicant);
- (d) **In respect to 475:** Peter and Clara Dumo (registered after the Applicant)

16. McKesson is a pharmacy inventory supplier. Although it may have priority over inventory (and proceeds therefrom) by way of a purchase-money security interest ("**PMSI**") as against Rando, ECN has insufficient information to verify whether this is the case at this time. The collateral classification in McKesson's registration is "Inventory", "Equipment", "Accounts" and "Other".

17. The registrations in favour of National Leasing, CIT and Ford Credit appear to be in respect to equipment leases. They may also hold PMSI security in respect to the equipment described in their respective registrations; however, ECN does not have sufficient information at this time to make this determination.

18. The registrations in favour of the other secured creditors are general registrations ("Inventory", "Equipment", "Accounts" and "Other").

The Defaults

19. Beginning in March 2018, the Borrower failed to make the scheduled payments due and owing to ECN under the First Note and the Second Note, both of which matured in March 2018. This failure to make the payments when due and owing constitutes an event of default under the First and Second Notes. Furthermore, these events of default constitute a default under the other Promissory Notes and the Rando Security (collectively, the “**Defaults**”).

20. As a result of the Defaults, ECN demanded payment of the indebtedness then due and owing under the Promissory Notes by way of a letter dated June 15, 2018. As Diena, the principal and guiding mind of the Rando Companies, had previously advised ECN that he was in the process of selling one or more of the Pharmacies, ECN requested details of the proposed transaction, including a copy of the purchase agreement. Finally, ECN advised that it required the Borrower to take steps to arrange for exit financing to pay for all indebtedness owed to ECN by no later than August 1, 2018. A copy of the letter dated June 15, 2018 is attached as **Exhibit K**.

21. Copies of the Borrower’s response dated June 19, 2018 and ECN’s further response dated June 27, 2018 are attached as **Exhibits L** and **M**. In its June 27, 2018 letter, ECN indicated that it would be prepared to work towards a mutually agreeable exit strategy with the Borrower and agree to forbear from enforcement, provided that the Borrower, among other things, make immediate arrangements for payment of the outstanding arrears by July 6, 2018 and pay the outstanding balloon payments (arising under the First and Second Notes).

22. Following this, from July 2018 to September 2018, the parties continued to discuss the Respondents’ attempts to sell the Pharmacies or related assets in order to make substantial payments to ECN in order to reduce the indebtedness and/or fully pay out ECN by October 2018. However, the proposed sale transactions were continuously delayed and full payment did not materialize.

23. By letters dated October 22, 2018, ECN demanded payment of the indebtedness under the Promissory Notes on the basis of the continuing Defaults. ECN had grown weary of the repeated delays and was growing concerned about its ability to enforce its security. Copies of ECN's letter to the Borrower dated October 22, 2018 and ECN's Notice of Intention to Enforce Security dated October 22, 2018 (the "NITES") are attached as **Exhibit N**. Corresponding demand letters and NITES were also sent to the Guarantors.⁸

24. Despite ECN's demands, the Respondents repeatedly assured ECN that the sale of the Pharmacies was proceeding, but more time was required.

25. By further letter dated November 7, 2018, ECN wrote to the Respondents, indicating that although it was extremely frustrated with the repeated delays in the purported sale transaction, it was prepared to provide the Respondents with an opportunity to present ECN with a substantive action plan detailing how and when the Respondents would pay out the indebtedness owed to ECN in full. A copy of the letter dated November 7, 2018 is attached as **Exhibit O**.

26. In or about mid-November 2018, I agreed to meet with Mr. Diena and his lawyer, Jerome Stanleigh, on a without prejudice basis to discuss the state of the Rando Companies' accounts. Without providing details of the meeting, ECN agreed not to take any further steps until the end of March 2019, when the sale of the Pharmacies was expected to close.

27. By letter dated February 26, 2019, Mr. Stanleigh requested payout statements from ECN in respect to the closing set for the end of March. A copy of his letter dated February 26, 2019 is attached as **Exhibit P**.

28. On or about March 19, 2019, Mr. Diena advised me that the closing had been extended to until end of April 2019 due to delay with the College of Pharmacists.

⁸ Due to the large number of Guarantors, copies of the demand letters sent to these parties have not been attached in an effort to streamline the record.

Although no further details were provided, I was given every assurance by Mr. Diena that the closing was imminent and that he did not expect any difficulties. On the strength of these assurances, ECN agreed in good faith to allow for further time to permit the sale transaction to close.

29. On or about May 7, 2019, I was advised by Mr. Diena that the sale transaction was no longer proceeding. As a result, he was considering his options, including the prospect of bringing a claim for specific performance against the purchaser.

30. This development was extremely frustrating from ECN's perspective. As ECN no longer had any faith in the Respondents' ability to conclude a transaction, I had no choice but to consider ECN's enforcement options. To that end, I instructed ECN's lawyers to issue fresh demand letters to the Respondents. Now shown to me and marked as **Exhibit Q** are copies of ECN's demand letters dated May 17, 2019 to the Borrower and the Guarantors, along with the corresponding NITES.

Forbearance Agreement

31. Following the issuance of the demand letters, the parties had further discussions in respect to the resolution of the debt owed to ECN. Although the Respondents indicated to ECN that they wished to continue to pursue other opportunities to sell the Pharmacies and/or related assets and, alternatively, pursue various refinancing alternatives, ECN was not prepared to proceed on an open-ended basis. Accordingly, ECN made it clear that, in light of the above-noted Defaults, it would only agree to this provided the Respondents entered into a forbearance agreement.

32. Accordingly, ECN and the Respondents entered into a forbearance agreement on July 17, 2019 ("**Forbearance Agreement**"). Under the terms of the Forbearance Agreement, the Respondents were, among other things, required to:

23

- (i) continue to pay all required payments under the Promissory Notes;
- (ii) pay ECN's accrued legal fees within 30 days from the effective date for the Forbearance Agreement;
- (iii) appoint a refinancing and sales advisor ("**Advisor**") for the purposes of developing, administering and conducting a refinancing or sale process (the "**RSP**") in respect to the Pharmacies and related assets;
- (iv) acknowledge that the appointment of the Advisor did not preclude such Advisor from acting as a court-appointed receiver in a formal court proceeding;
- (v) execute an irrevocable direction directing that any funds or proceeds generated through a RSP transaction would be paid to ECN;
- (vi) ensure that all lease agreements in respect to the Pharmacies (the "**Pharmacy Leases**") are current, not in default and have not been terminated; and
- (vii) execute a consent to an order appointing a court-appointed receiver over the assets and property of the Debtors (the "**Consent Receivership Order**"), which was to be held in escrow until the termination of the Forbearance Agreement or the occurrence of an intervening event.

A copy of the executed Forbearance Agreement, includes the executed Consent Receivership Order, is attached as **Exhibit R**.

33. Paragraph 4.1 of the Forbearance Agreement clearly states that it would expire or terminate on:

- (i) November 30, 2019 (“**Termination Date**”), unless the Debtors presented evidence of an executed commitment letter or an executed agreement of purchase and sale in respect to the Pharmacies closing on or before December 31, 2019, in which case ECN would agree, in its sole discretion, to extend the forbearance period to December 31, 2019; or
- (ii) the occurrence of an intervening event (“**Intervening Event**”), including the Debtors’ failure to make a required payment, a breach of a covenant under the Forbearance Agreement or ECN determining in its absolute discretion that continuing with the forbearance will negatively impact the ECN Security.

34. The Forbearance Agreement further states that upon the termination or expiration of the Forbearance Period, ECN could take steps to issue the Consent Order.

35. In light of the RSP contemplated in the Forbearance Agreement, the Respondents engaged KSV to act as Advisor for the purpose of the conducting the RSP.⁹ Details of KSV’s engagement as Advisor are set out in KSV’s pre-filing report which is being filed in support of ECN’s application.

36. KSV did conduct an RSP in accordance with the terms of its mandate and multiple offers were obtained. I understand that details regarding the RSP will be set out in the pre-filing report in a confidential appendix attached thereto.

37. In early August 2019, the Respondents, outside of the RSP, entered into an agreement with a prospective purchaser (the “**Prospective Purchaser**”) for the sale of the Pharmacies. The agreement was conditional on, *inter alia*, financing and it was explained to the Prospective Purchaser by the Respondents and by KSV that the

⁹ Although the Forbearance Agreement states that the Respondents would appoint KPMG as Advisor, they subsequently engaged KSV to serve as Advisor.

Prospective Purchaser was not being granted exclusivity. The Prospective Purchaser had until approximately the bid deadline line in the RSP to waive its conditions, which it was unable to do, and the agreement terminated.

38. On or about November 3, 2019, the Respondents entered into a new purchase agreement for the purchase of the Pharmacies (the "**Sale Agreement**") with the Prospective Purchaser; however, the agreement was conditional until December 3, 2019 in respect to: (i) financing, (ii) the approval of the purchaser's lawyer, (iii) the purchaser's due diligence and (iv) upon being satisfied with the Pharmacy Leases. The Sale Agreement was entered into against the recommendation of KSV. As the disclosure of the terms of the Sale Agreement would impact future efforts to sell the Pharmacies as a going concern, it has not been attached to my affidavit.

39. As of November 30, 2019, the conditions under the Sale Agreement were not waived. As such, the Debtors were unable to present a final and binding sale agreement prior to the Termination Date. In light of this, and the Intervening Events noted below, the Forbearance Agreement is at an end.

Purported Lease Termination

40. Throughout the course of the RSP, I regularly followed up with Mr. Diena to get updates on the RSP, his refinancing efforts and the Sale Agreement. As the expiry date for the Forbearance Agreement was coming up, I met with Mr. Diena on November 28, 2019. During that meeting, I was advised by Mr. Diena for the first time that the landlord for Hawthorne Pharmacy had purportedly terminated its lease (the "**Hawthorne Lease**") on the basis that it was a month to month lease.

41. At all material times, ECN and KSV had understood that the Hawthorne Lease was not a month to month lease, but that the term of the Hawthorne Lease had been extended to December 2024 pursuant to a signed extension agreement provided to ECN and KSV. A copy of the extension agreement for the Hawthorne Lease is attached as **Exhibit T**.

42. The Hawthorne Pharmacy provides significant profitability to the Pharmacies. If its lease is at risk, the value of the Pharmacies may be significantly impacted.

43. On November 29, 2019, Mr. Diena subsequently provided me with a copy of the termination letter dated September 25, 2019 (the "**Purported Termination Letter**") which stated that the lease would be terminated effective November 30, 2019. This was later extended to December 31, 2019. Copies of the Purported Termination Letter and the subsequent extension letter dated October 22, 2019 are attached as **Exhibit S**.

44. The fact that the Debtors did not disclose a material fact such as the Purported Termination Letter to ECN or KSV for over two months is of serious concern to ECN. This also further calls into question the reliability of any information provided by the Debtors. The purported termination will definitely have a significant adverse impact upon ECN's ability to realize upon the ECN Security and its resulting recovery. This is also concerning as the landlord on the Hawthorne Lease is also the landlord for the Tecumseh Pharmacy and, while I am not aware of any purported termination for that location, it is essential that KSV engage that landlord as soon as it is appointed.

45. In subparagraph 6.2(e) of the Forbearance Agreement, the Respondents covenanted that all Pharmacy Leases were current and not in default and that no landlord had terminated any of the leases. Failing to advise ECN of the Purported Termination Letter is a material breach of a covenant under the Forbearance Agreement. This breach constitutes an Intervening Event under the Forbearance Agreement.

46. I am of the view that a receiver should be appointed immediately (as discussed further below) in order to take necessary steps to address the Purported Termination Letter, failing which ECN's security interest will be adversely impacted.

Modification to Sale Agreement

47. During my meeting with Mr. Diena on November 28, 2019, I asked Mr. Diena what impact the Purported Termination Letter would have on the Sale Agreement. Mr. Diena advised me that, in fact, the transaction had actually evolved into a "new deal" which contemplated that the Rando Companies and the Proposed Purchaser would open four new pharmacies in lieu of the existing purchase transaction. In that regard, he proposed that ECN could be granted security over these new pharmacies and he would make regular payments on the three unmatured Promissory Notes.

48. At no time prior to this had Mr. Diena ever advised me that the Sale Agreement had been reformulated. Further, I have never been provided with a copy of an amended sale agreement nor has ECN ever expressed a desire to finance a pharmacy business with four new start-up pharmacies.

49. As with the Purported Termination Letter, this is a material change made without any consultation with ECN or KSV. That such a change would have been negotiated without any prior warning to ECN is quite alarming and leaves ECN with no faith in Mr. Diena and the Debtors. As a result, ECN sees no choice but to seek the appointment of a Receiver as discussed further below.

Other Defaults

50. In addition to this, the Respondents have also failed to comply with certain terms of the Forbearance Agreement. These include:

- (a) failing to provide confirmation that insurance in respect to each of the Pharmacies remains in full force and effect (3.2(b));
- (b) failing to make payments in the amount of \$10,000 that were to have been paid on October 17, 2019 and November 17, 2019 (5.2(b)); and
- (c) failing to pay all of ECN's outstanding legal fees (5.2(c)).

51. All of these defaults constitute Intervening Events under the Forbearance Agreement and, therefore, distinct alternative bases for termination.

No Further Extensions

52. The outside date under the Forbearance Agreement was November 30, 2019. At all times, ECN has made it clear that it would not agree to extend the Forbearance Period beyond that date. By letter dated October 30, 2019 and by emails dated November 20, 2019 and November 27, 2019, ECN advised Mr. Diena and Mr. Stanleigh on behalf of the Respondents that it will not agree to any further extensions under the Forbearance Agreement. Copies of the letter dated October 30, 2019 and the emails dated November 20 and 27, 2019 to Mr. Diena and Mr. Stanleigh are attached as **Exhibit U**.

Amount Owing to ECN

53. As of November 30, 2019, ECN is currently owed the sum of \$4,125,562.80. A summary of the amount owed to ECN in respect to the Promissory Notes is attached as **Exhibit V**.

ECN's Concerns and Need for a Receiver

54. In light of the various defaults, and, in particular, ECN's serious concerns over the Debtors' lack of timely disclosure of the Purported Termination Letter and the apparent modifications to the Sale Agreement and the resulting negative impact on ECN's realization under the ECN Security, ECN has determined that it has no choice but to seek the appointment of a court-appointed receiver pursuant to the Consent Receivership Order in respect to the Respondents in order to realize upon its security. ECN has lost faith in the Debtors and is of the view that the appointment of a receiver is absolutely necessary and urgent in light of the circumstances noted in

my affidavit, including the possible risk to the lease for one of the more important Pharmacy locations.

55. To that end, ECN respectfully submits that KSV be appointed as a receiver over the assets, property and inventory of the Respondents pursuant to the ECN Security in order to permit ECN to enforce its security interests. KSV has been involved with the Rando Companies and the business for several months and can begin to immediately re-engage the parties who participated in the first RSP. This will potentially save significant time and cost related to the realization of these assets. Further, and critically, the Rando Companies have consented to the appointment of KSV as a court-appointed receiver through the Forbearance Agreement and KSV's engagement letter. It is imperative that KSV be appointed to determine whether a sale with one of the previous parties can be culminated in short order and to engage with the landlord on the Hawthorne Lease (who is also the landlord on the Tecumseh Pharmacy) to preserve as much value as possible. If a transaction with one of the prior parties cannot be readily achieved, I support the proposed sale process that is set out in KSV's pre-filing report.

56. I believe that the appointment of a court-appointed receiver pursuant to the *BIA* is necessary for the protection of the Respondents' estate for the benefit of all of its creditors. I further believe that it is just and convenient that KSV be appointed as a receiver pursuant to the *Courts of Justice Act*.

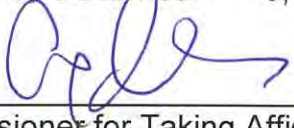
57. Accordingly, ECN seeks to appoint KSV as receiver of the assets, property and undertaking of the Respondents in order to preserve the business of the Pharmacies, take possession of their respective books and records and determine possible recovery options, including the possibility of continuing the RSP in order to sell the Pharmacies as a going concern. This, in my view, will be the best way to maximize realization.

58. KSV is a licensed insolvency trustee and has consented to being appointed as a receiver, without security, of all assets, property and undertaking of the

Respondents. A copy of its consent to act as Receiver is attached to KSV's pre-filing report.

59. I make this affidavit in support of a motion by ECN for the appointment of a Receiver of the assets, property and undertakings of the Respondents and for no other or improper purpose.

SWORN BEFORE ME at the City of
Toronto, on December 3, 2019.



Commissioner for Taking Affidavits



ADAM FLOMEN

ECN FINANCIAL LTD.
Applicant and

2345760 ONTARIO INC. et al.
Respondents

Court File No:

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**AFFIDAVIT OF ADAM FLOMEN
(SWORN DECEMBER 3, 2019)**

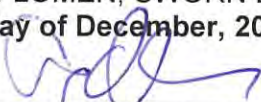
MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Craig A. Mills LSO#:40947B
Tel: 416.595.8695
Fax: 416.595.8695

Lawyers for the Applicant

Tab A

**This is Exhibit "A" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

Request ID: 023104805
Transaction ID: 71831828
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/21
Time Report Produced: 08:47:20
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2181561	DUMOPHARM INC.	2008/08/11
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
207 MARJORIE STREET		NOT APPLICABLE
		Amalgamation Ind.
		NOT APPLICABLE
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
Mailing Address		Revival Date
DANI DIENA 4256 BATHURST STREET		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
Suite # 200		Transferred Out Date
TORONTO		NOT APPLICABLE
ONTARIO		Cancel/Inactive Date
CANADA M3H 5Y8		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification	Number of Directors	
NOT AVAILABLE	Minimum	
	Maximum	
	00001	
	00007	

Request ID: 023104805
Transaction ID: 71831828
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2181561	DUMOPHARM INC.

Administrator: Name (Individual / Corporation)	Address
DANI DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	Resident Canadian
2016/08/31	NOT APPLICABLE	
Designation	Officer Type	
OFFICER	PRESIDENT	

Administrator: Name (Individual / Corporation)	Address
DANI DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	Resident Canadian
2016/08/31	NOT APPLICABLE	
Designation	Officer Type	
OFFICER	SECRETARY	

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2181561	DUMOPHARM INC.

Last Document Recorded			
Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2016	1C	2017/03/05 (ELECTRONIC FILING)

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

Request ID: 023104804
 Transaction ID: 71831826
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2501380	2501380 ONTARIO INC.	2016/01/22
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
4256 BATHURST STREET		NOT APPLICABLE
Suite # 200		New Amal. Number
TORONTO		NOT APPLICABLE
ONTARIO		Notice Date
CANADA M3H 5Y8		NOT APPLICABLE
Mailing Address		Letter Date
4256 BATHURST STREET		NOT APPLICABLE
Suite # 200		Revival Date
TORONTO		NOT APPLICABLE
ONTARIO		Continuation Date
CANADA M3H 5Y8		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification	Number of Directors	
NOT AVAILABLE	Minimum Maximum	
	00001 00010	

Request ID: 023104804
Transaction ID: 71831826
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/21
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2501380	2501380 ONTARIO INC.

Corporate Name History	Effective Date
2501380 ONTARIO INC.	2016/01/22

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

Administrator: Name (Individual / Corporation)	Address
DANI DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2016/01/22	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

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Category ID: UN/E

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Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2501380

2501380 ONTARIO INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	1	2016/02/29 (ELECTRONIC FILING)

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

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

Request ID: 023104803
Transaction ID: 71831824
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/21
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
679618	FAMILY HEALTH PHARMACY WEST INC.	1986/09/18
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
1604 TECUMSEH RD W	NOT APPLICABLE	NOT APPLICABLE
	New Amal. Number	Notice Date
WINDSOR ONTARIO CANADA N9B 1T8	NOT APPLICABLE	NOT APPLICABLE
		Letter Date
Mailing Address		NOT APPLICABLE
DANI DIENA 1604 TECUMSEH RD W	Revival Date	Continuation Date
WINDSOR ONTARIO CANADA N9B 1T8	1995/12/08	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum Maximum	in Ontario
	UNKNOWN UNKNOWN	NOT APPLICABLE
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

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Request ID: 023104803
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Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/21
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
679618	FAMILY HEALTH PHARMACY WEST INC.

Corporate Name History	Effective Date
FAMILY HEALTH PHARMACY WEST INC.	2016/03/14
M. BLACHER DRUGS LTD.	1986/09/18

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	YES - SEARCH REQUIRED FOR DETAILS

Administrator:	Address
Name (Individual / Corporation)	
DANI	4256 BATHURST STREET
DIENA	Suite # 200
	TORONTO
	ONTARIO
	CANADA M3H 5Y8

Date Began	First Director	
2016/02/29	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	

Request ID: 023104803
Transaction ID: 71831824
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

679618

FAMILY HEALTH PHARMACY WEST INC.

Administrator:

Name (Individual / Corporation)

Address

DANI

4256 BATHURST STREET

DIENA

Suite # 200
TORONTO
ONTARIO
CANADA M3H 5Y8

Date Began

First Director

2016/02/29

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Administrator:

Name (Individual / Corporation)

Address

DANI

4256 BATHURST STREET

DIENA

Suite # 200
TORONTO
ONTARIO
CANADA M3H 5Y8

Date Began

First Director

2016/02/29

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 023104803
Transaction ID: 71831824
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

679618

Corporation Name

FAMILY HEALTH PHARMACY WEST INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2016	1C	2016/04/23 (ELECTRONIC FILING)

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

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Request ID: 023104801
Transaction ID: 71831820
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2527218	2527218 ONTARIO INC.	2016/07/12
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
DANIEL DIENA 4256 BATHURST STREET	NOT APPLICABLE	NOT APPLICABLE
Suite # 200	New Amal. Number	Notice Date
TORONTO ONTARIO CANADA M3H 5Y8	NOT APPLICABLE	NOT APPLICABLE
Mailing Address	Letter Date	Revival Date
DANIEL DIENA 4256 BATHURST STREET	NOT APPLICABLE	NOT APPLICABLE
Suite # 200	Continuation Date	Transferred Out Date
TORONTO ONTARIO CANADA M3H 5Y8	NOT APPLICABLE	NOT APPLICABLE
	Cancel/Inactive Date	EP Licence Eff.Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Term.Date	Date Commenced in Ontario
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	Date Ceased in Ontario
	Minimum Maximum	NOT APPLICABLE
Activity Classification	00001 00010	NOT APPLICABLE
NOT AVAILABLE		

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Request ID: 023104801
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2527218	2527218 ONTARIO INC.

Corporate Name History	Effective Date
2527218 ONTARIO INC.	2016/07/12

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

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2016/07/12	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 023104801
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2527218	2527218 ONTARIO INC.

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2016/08/02	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	Y

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2016/08/02	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

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Request ID: 023104801
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Category ID: UNE

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2527218	2527218 ONTARIO INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	1	2016/08/22 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.
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Request ID: 023104799
Transaction ID: 71831817
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/21
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
65016	RANDO DRUGS LTD.	1951/10/29
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
4256 BATHURST STREET	NOT APPLICABLE	NOT APPLICABLE
Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address		Letter Date
4256 BATHURST STREET		NOT APPLICABLE
Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	Date Commenced in Ontario
	Minimum Maximum	Date Ceased in Ontario
Activity Classification	00001 00010	NOT APPLICABLE
NOT AVAILABLE		NOT APPLICABLE

Request ID: 023104799
Transaction ID: 71831817
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
65016	RANDO DRUGS LTD.

Corporate Name History	Effective Date
RANDO DRUGS LTD.	1987/07/14
JACK ADAM DRUGS LIMITED	1951/10/29

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

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2013/03/25	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
65016	RANDO DRUGS LTD.

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2013/03/25	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	

Administrator: Name (Individual / Corporation)	Address
DESAI PRUTHAK	1545 OUELLETTE AVENUE Suite # 902 WINDSOR ONTARIO CANADA N8X 1K6

Date Began	First Director	
2017/05/28	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

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Transaction ID: 71831817
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
65016	RANDO DRUGS LTD.

Last Document Recorded		Form	Date
Act/Code	Description		
CIA	ANNUAL RETURN 2017	1C	2018/12/30 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.
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Request ID: 023104798
Transaction ID: 71831812
Category ID: UN/E

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2527475	2527475 ONTARIO INC.	2016/07/14
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
DANIEL DIENA 4256 BATHURST STREET		NOT APPLICABLE
Suite # 200		Amalgamation Ind.
TORONTO		NOT APPLICABLE
ONTARIO		New Amal. Number
CANADA M3H 5Y8		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
Mailing Address		Letter Date
DANIEL DIENA 4256 BATHURST STREET		NOT APPLICABLE
Suite # 200		Revival Date
TORONTO		NOT APPLICABLE
ONTARIO		Continuation Date
CANADA M3H 5Y8		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced in Ontario
	Minimum Maximum	NOT APPLICABLE
Activity Classification	00001 00010	Date Ceased in Ontario
NOT AVAILABLE		NOT APPLICABLE

Request ID: 023104798
Transaction ID: 71831812
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2527475	2527475 ONTARIO INC.

Corporate Name History	Effective Date
2527475 ONTARIO INC.	2016/07/14

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

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2016/07/14	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 023104798
Transaction ID: 71831812
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2527475	2527475 ONTARIO INC.

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2016/08/01	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	Y

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2016/08/01	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

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Request ID: 023104798
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Category ID: UN/E

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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2527475

2527475 ONTARIO INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA INITIAL RETURN

1

2016/08/22 (ELECTRONIC FILING)

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

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Request ID: 023104795
Transaction ID: 71831806
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/21
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2275518	2275518 ONTARIO INC.	2011/02/24
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
4256 BATHURST STREET		NOT APPLICABLE
Suite # SUITE 200		New Amal. Number
TORONTO		NOT APPLICABLE
ONTARIO		Notice Date
CANADA M3H 5Y8		NOT APPLICABLE
Mailing Address		Letter Date
4256 BATHURST STREET		NOT APPLICABLE
Suite # SUITE 200		Revival Date
TORONTO		NOT APPLICABLE
ONTARIO		Continuation Date
CANADA M3H 5Y8		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced in Ontario
	Minimum Maximum	Date Ceased in Ontario
Activity Classification	00001 00010	NOT APPLICABLE
NOT AVAILABLE		NOT APPLICABLE

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Request ID: 023104795
Transaction ID: 71831806
Category ID: UN/E

Province of Ontario
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Date Report Produced: 2019/05/21
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2275518	2275518 ONTARIO INC.

Corporate Name History	Effective Date
2275518 ONTARIO INC.	2011/02/24

Current Business Name(s) Exist:	YES
Expired Business Name(s) Exist:	YES - SEARCH REQUIRED FOR DETAILS

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	14 NORTHMOUNT AVENUE TORONTO ONTARIO CANADA M3H 1N4

Date Began	First Director	
2011/02/24	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	

Request ID: 023104795
Transaction ID: 71831806
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/21
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2275518	2275518 ONTARIO INC.

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	14 NORTHMOUNT AVENUE TORONTO ONTARIO CANADA M3H 1N4

Date Began	First Director	
2011/02/24	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	

Administrator: Name (Individual / Corporation)	Address
SARA DIENA	144 FAYWOOD BOULEVARD DOWNSVIEW ONTARIO CANADA M3H 2X7

Date Began	First Director	
2017/06/28	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

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Request ID: 023104795
Transaction ID: 71831806
Category ID: UN/E

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2275518	2275518 ONTARIO INC.

Last Document Recorded		Form	Date
Act/Code	Description		
CIA	ANNUAL RETURN 2016	1C	2017/08/22 (ELECTRONIC FILING)

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Request ID: 023104793
Transaction ID: 71831800
Category ID: UN/E

Province of Ontario
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2345760	2345760 ONTARIO INC.	2012/10/12
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
4256 BATHURST STREET		NOT APPLICABLE
Suite # 200		New Amal. Number
TORONTO		NOT APPLICABLE
ONTARIO		Notice Date
CANADA M3H 5Y8		NOT APPLICABLE
Mailing Address		Letter Date
4256 BATHURST STREET		NOT APPLICABLE
Suite # 200		Revival Date
TORONTO		NOT APPLICABLE
ONTARIO		Continuation Date
CANADA M3H 5Y8		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced in Ontario
	Minimum Maximum	NOT APPLICABLE
Activity Classification	00001 00010	Date Ceased in Ontario
NOT AVAILABLE		NOT APPLICABLE

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Request ID: 023104793
Transaction ID: 71831800
Category ID: UN/E

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2345760	2345760 ONTARIO INC.

Corporate Name History	Effective Date
2345760 ONTARIO INC.	2012/10/12

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

Administrator: Name (Individual / Corporation)	Address
GRACE DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2012/10/12	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

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Request ID: 023104793
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Category ID: UN/E

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2345760	2345760 ONTARIO INC.

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2017/01/01	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	

Administrator: Name (Individual / Corporation)	Address
DANIEL DIENA	4256 BATHURST STREET Suite # 200 TORONTO ONTARIO CANADA M3H 5Y8

Date Began	First Director	
2017/01/01	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	

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Request ID: 023104793
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2345760	2345760 ONTARIO INC.

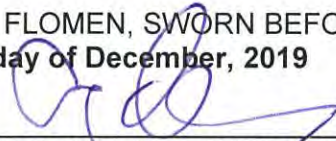
Last Document Recorded		Form	Date
Act/Code	Description		
CIA	CHANGE NOTICE	1	2018/08/16 (ELECTRONIC FILING)

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Tab B

**This is Exhibit "B" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



PROMISSORY NOTE BAO7475A-001

TD Canada Trust Tower, 161 Bay Street, Suite 4600, PO Box 621, Toronto, ON M5J 2S1
Phone: (416)-386-1067 Fax: (888)-772-8129

AMOUNT: \$1,150,000.00

DATED February 25, 2013

FOR VALUE RECEIVED, the undersigned (the "Borrower"), jointly and severally (if more than one), hereby promises to pay to or to the order of ELEMENT FINANCIAL CORPORATION (the "Lender"), at 161 Bay Street, Suite 4600, PO Box 621, Toronto, ON M5J 2S1 (or to such other person or at such other place as the Lender may from time to time in writing direct), the principal sum of (\$1,150,000.00), One Million, One Hundred, Fifty Thousand Dollars and Zero Cents (the "Principal Sum") together with interest at a fixed rate of 8.50% per annum, compounded monthly and accruing in arrears, in 60 consecutive blended monthly installments of principal and interest, in the amounts and at the times set out in the schedule of installments below.

Table with 3 columns: NO. OF MONTHLY PAYMENTS, MONTHLY INSTALLMENT PAYMENTS, COMMENCING (MM/DD/YYYY). Rows show payment schedule from 04/01/2013 to 03/01/2018.

All payments hereunder shall be made payable to the Lender, unless otherwise directed in writing by the Lender. This Note cannot be prepaid except with the written consent of the Lender and on terms and conditions that the Lender stipulates. Any overdue payment of principal or interest shall bear interest before and after default, demand and judgment at a rate of interest per annum of 18% from the due date, calculated and compounded monthly in arrears.

If the Borrower fails to pay any amount when due under the terms of this Note or any other event of default occurs under any security agreement executed by the Borrower in favour of the Lender (the "Agreement") securing the obligations of the Borrower to the Lender under, among other things this Note (each, a "Default"), the Lender may, in addition to any right or remedy set out in any security (including the Agreement), declare all amounts then due under this Note and all unpaid and future payments under this Note to be immediately due and payable, without any additional notice or demand of any kind, and in such event the Borrower shall forthwith pay to the Lender all such amounts then due under this Note and, as a genuine pre-estimate of liquidated damages for loss of bargain and not as a penalty, the present value of all unpaid and future payments discounted from their respective due dates at a discount rate equal to three percent (3%) per annum.

Payments received by the Lender shall be applied first in payment of unpaid accrued interest and the balance, if any, to the reduction of the Principal Sum. The Borrower waives diligence, presentment, demand, notice, protest, and notice of protest and notice of dishonour. The Borrower shall pay all costs arising or incurred by the Lender as a result of a Default, including reasonable legal fees on a solicitor and his own client basis. This Note has been written in the English language at the express request of the parties. Le présent billet a été rédigé en langue anglaise à la demande expresse des parties. The Lender can assign this Note to any third party without notice to or consent of the Borrower. The Borrower may not assign this Note without the Lender's prior written consent. This Note shall be governed by and construed in accordance with the laws of the Province of Ontario.

On the sale or other disposition of (a) shares in the capital of the Borrower, or (b) assets of the Borrower (other than the sale of used equipment in the normal course of business of the Borrower), the Borrower shall prepay outstanding credit hereunder in the amount of the proceeds of such disposition (net of the transaction cost of such disposition).

The Lender is hereby irrevocably authorized and directed to pay the Principal Sum as instructed below and the Borrower acknowledges and confirms that the Lender making such payment as directed, the Borrower shall become indebted to the Lender for the Principal Sum and interest thereon pursuant to the terms and conditions hereof: (Check A or B):

- Checked box: A. \$1,150,000.00 to Steinman & Lerner IN TRUST
Unchecked box: B. To the Lender, as repayment of the principal and accrued interest owed under the following promissory notes:

I hereby authorize Lender to debit my bank account noted on the attached void cheque ("Borrower's Account") for the purpose of paying all regularly scheduled payments and all other amounts due to Lender under the terms of this Promissory Note, including amounts owing in the event of Default. I may revoke this authorization subject to providing Lender with 30 days' prior written notice. I understand that I may contact my financial institution or visit www.cdnpay.ca to obtain a sample cancellation form or for more information on my right to cancel this authorization. Any cancellation of this authorization applies only to the method of payment between Borrower and Lender and has no effect whatsoever on any other provision of this Promissory Note.



PROMISSORY NOTE BA07475A-001

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TD Canada Trust Tower, 161 Bay Street, Suite 4600, PO Box 621, Toronto, ON M5J 2S1
Phone: (416)-386-1067 Fax: (888)-772-8129

Borrower has certain recourse rights if any debit from the Borrower's Account does not comply with the pre-authorized payment authorization granted by Borrower in this Promissory Note. For example, Borrower has the right to receive reimbursement for any debit that is not authorized or is not consistent with the pre-authorized payment authorization granted by Borrower in this Promissory Note.

Bank check form from CIBC, dated 2010, payable to Bando Drugs Ltd. Includes MICR line and routing information.

Signature: [Handwritten Signature]
Name: Daniel Diena
Title: Director

Signature: [Handwritten Signature]
Name: Ben Wyatt
Title: Vice-President, Operations

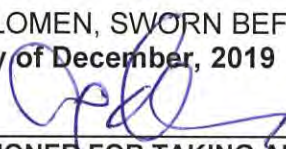
CERTIFICATE OF OFFICER

The undersigned, Daniel Diena, Director of 2345760 ONTARIO INC. the "Corporation") hereby certifies to Element Financial Corporation, its successors and assigns, that the foregoing Promissory Note and all ancillary documents (the "Agreements") were approved and executed by Daniel Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on February 24, 2013, which resolution has not been amended or revoked and remains in full force and effect.

2345760 ONTARIO INC.
Signature: [Handwritten Signature]
Name: Daniel Diena
Title: Director

Tab C

**This is Exhibit "C" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



PROMISSORY NOTE BAO7475A-002

4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 Tel: (905)-366-2142 Fax: (866)-797-8488

AMOUNT: \$725,847.50

DATED January 15, 2016

FOR VALUE RECEIVED, the undersigned (the "Borrower"), jointly and severally (if more than one), hereby promises to pay to or to the order of ELEMENT FINANCIAL INC (the "Lender"), at 4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 (or to such other person or at such other place as the Lender may from time to time in writing direct), the principal sum of (\$725,847.50) Seven Hundred, Twenty-Five Thousand, Eight Hundred, Forty-Seven Dollars, Fifty Cents (the "Principal Sum") together with interest at a fixed rate of 6.50% per annum, compounded monthly and accruing in arrears, in 26 consecutive blended monthly installments of principal and interest, in the amounts and at the times set out in the schedule of installments below.

Table with 3 columns: NO. OF MONTHLY PAYMENTS, MONTHLY INSTALLMENT PAYMENTS, COMMENCING (MM/DD/YYYY). Rows show 25 payments of \$10,484.91 starting 02/15/2016, and 1 payment of \$553,896.01 starting 03/15/2018.

All payments hereunder shall be made payable to the Lender, unless otherwise directed in writing by the Lender. This Note cannot be prepaid except with the written consent of the Lender and on terms and conditions that the Lender stipulates. Any overdue payment of principal or interest shall bear interest before and after default, demand and judgment at a rate of interest per annum of 18% from the due date, calculated and compounded monthly in arrears.

If the Borrower fails to pay any amount when due under the terms of this Note or any other event of default occurs under any security agreement executed by the Borrower in favour of the Lender (the "Agreement") securing the obligations of the Borrower to the Lender under, among other things this Note (each, a "Default"), the Lender may, in addition to any right or remedy set out in any security (including the Agreement), declare all amounts then due under this Note and all unpaid and future payments under this Note to be immediately due and payable, without any additional notice or demand of any kind, and in such event the Borrower shall forthwith pay to the Lender all such amounts then due under this Note and, as a genuine pre-estimate of liquidated damages for loss of bargain and not as a penalty, the present value of all unpaid and future payments discounted from their respective due dates at a discount rate equal to three percent (3%) per annum.

Payments received by the Lender shall be applied first in payment of unpaid accrued interest and the balance, if any, to the reduction of the Principal Sum. The Borrower waives diligence, presentment, demand, notice, protest, and notice of protest and notice of dishonour. The Borrower shall pay all costs arising or incurred by the Lender as a result of a Default, including reasonable legal fees on a solicitor and his own client basis. This Note has been written in the English language at the express request of the parties. Le présent billet a été rédigé en langue anglaise à la demande expresse des parties. The Lender can assign this Note to any third party without notice to or consent of the Borrower. The Borrower may not assign this Note without the Lender's prior written consent. This Note shall be governed by and construed in accordance with the laws of the Province of Ontario.

On the sale or other disposition of (a) shares in the capital of the Borrower, or (b) assets of the Borrower (other than the sale of used equipment in the normal course of business of the Borrower), the Borrower shall prepay outstanding credit hereunder in the amount of the proceeds of such disposition (net of the transaction cost of such disposition).

The Lender is hereby irrevocably authorized and directed to pay the Principal Sum as instructed below and the Borrower acknowledges and confirms that the Lender making such payment as directed, the Borrower shall become indebted to the Lender for the Principal Sum and interest thereon pursuant to the terms and conditions hereof: (Check A or B):

- Checked box A: \$725,000.00 to be paid to Jerome H. Stanleigh, Barrister & Solicitor "In Trust" and \$847.50 to be paid to Element Financial Inc.
Box B: To the Lender, as repayment of the principal and accrued interest owed under the following promissory notes:

I hereby authorize Lender to debit my bank account noted on the attached void cheque ("Borrower's Account") for the purpose of paying all regularly scheduled payments and all other amounts due to Lender under the terms of this Promissory Note, including amounts owing in the event of Default. I may revoke this authorization subject to providing Lender with 30 days' prior written notice. I understand that I may contact my financial institution or visit www.cdnpay.ca to obtain a sample cancellation form or for more information on my right to cancel this authorization. Any cancellation of this authorization applies only to the method of payment between Borrower and Lender and has no effect whatsoever on any other provision of this Promissory Note. Borrower has certain recourse rights if any debit from the Borrower's Account does not comply with the pre-authorized payment authorization granted by Borrower in this Promissory Note. For example, Borrower has the right to receive reimbursement for any debit that is



PROMISSORY NOTE BAO7475A-002

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4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 Tel: (905)-366-2142 Fax: (866)-797-8488

not authorized or is not consistent with the pre-authorized payment authorization granted by Borrower in this Promissory Note. To obtain more information on Borrower's recourse rights, Borrower may contact his/her/its financial institution or visit www.cdnpay.ca. Lender may assign to an assignee (the "Assignee") the pre-authorized payment authorization granted by Borrower in this Promissory Note provided that Lender provides Borrower with written notice of the full details of such assignment, including the identity and contact information of the Assignee, at least 10 days prior to the Assignee collecting any Monthly Installment Payments or other amounts due under this Promissory Note from the Borrower's Account.

ATTACH VOID CHEQUE

2345760 ONTARIO INC.
(Borrower)
I have authority to bind the corporation

ELEMENT FINANCIAL INC
(Lender)

Signature:

Signature:

Name: Grace Diena

Name: Ben Wyett

Title: Director

Title: Vice-President, Operations

CERTIFICATE OF OFFICER

The undersigned, Grace Diena, Director, of 2345760 Ontario Inc. (the "Corporation") hereby certifies to Element Financial Inc, its successors and assigns, that the foregoing Promissory Note and all ancillary documents (the "Agreements") were approved and executed by Grace Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on January _____, 2016 which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

2345760 Ontario Inc.

Signature: X

Name: Grace Diena

Title: Director

Tab D

**This is Exhibit "D" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

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PROMISSORY NOTE BAO7475A-003

4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 Tel: (905)-366-2142 Fax: (866)-797-8488

AMOUNT: \$1,753,597.50

DATED February 26, 2016

FOR VALUE RECEIVED, the undersigned (the "Borrower"), jointly and severally (if more than one), hereby promises to pay to or to the order of ELEMENT FINANCIAL INC (the "Lender"), at 4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 (or to such other person or at such other place as the Lender may from time to time in writing direct), the principal sum of (\$1,753,597.50) One Million, Seven Hundred, Fifty-Three Thousand, Five Hundred, Ninety-Seven Dollars, Fifty Cents (the "Principal Sum") together with interest at a fixed rate of 6.50% per annum, compounded monthly and accruing in arrears, in 60 consecutive blended monthly installments of principal and interest, in the amounts and at the times set out in the schedule of installments below.

NO. OF MONTHLY PAYMENTS	MONTHLY INSTALLMENT PAYMENTS	COMMENCING (MM/DD/YYYY)
2	\$0.00	03/01/2016
57	\$20,275.31	05/01/2016
1	\$1,056,519.36	02/01/2021

All payments hereunder shall be made payable to the Lender, unless otherwise directed in writing by the Lender. This Note cannot be prepaid except with the written consent of the Lender and on terms and conditions that the Lender stipulates. Any overdue payment of principal or interest shall bear interest before and after default, demand and judgment at a rate of interest per annum of 18% from the due date, calculated and compounded monthly in arrears.

If the Borrower fails to pay any amount when due under the terms of this Note or any other event of default occurs under any security agreement executed by the Borrower in favour of the Lender (the "Agreement") securing the obligations of the Borrower to the Lender under, among other things this Note (each, a "Default"), the Lender may, in addition to any right or remedy set out in any security (including the Agreement), declare all amounts then due under this Note and all unpaid and future payments under this Note to be immediately due and payable, without any additional notice or demand of any kind, and in such event the Borrower shall forthwith pay to the Lender all such amounts then due under this Note and, as a genuine pre-estimate of liquidated damages for loss of bargain and not as a penalty, the present value of all unpaid and future payments discounted from their respective due dates at a discount rate equal to three percent (3%) per annum.

Payments received by the Lender shall be applied first in payment of unpaid accrued interest and the balance, if any, to the reduction of the Principal Sum. The Borrower waives diligence, presentment, demand, notice, protest, and notice of protest and notice of dishonour. The Borrower shall pay all costs arising or incurred by the Lender as a result of a Default, including reasonable legal fees on a solicitor and his own client basis. This Note has been written in the English language at the express request of the parties. Le présent billet a été rédigé en langue anglaise à la demande expresse des parties. The Lender can assign this Note to any third party without notice to or consent of the Borrower. The Borrower may not assign this Note without the Lender's prior written consent. This Note shall be governed by and construed in accordance with the laws of the Province of Ontario.

On the sale or other disposition of (a) shares in the capital of the Borrower, or (b) assets of the Borrower (other than the sale of used equipment in the normal course of business of the Borrower), the Borrower shall prepay outstanding credit hereunder in the amount of the proceeds of such disposition (net of the transaction cost of such disposition).

The Lender is hereby irrevocably authorized and directed to pay the Principal Sum as instructed below and the Borrower acknowledges and confirms that the Lender making such payment as directed, the Borrower shall become indebted to the Lender for the Principal Sum and interest thereon pursuant to the terms and conditions hereof: (Check A or B):

- A. \$1,752,750.00 to be paid to Jerome H. Stanleigh, Barrister & Solicitor "In Trust and \$847.50 to be paid to Element Financial Inc.
- B. To the Lender, as repayment of the principal and accrued interest owed under the following promissory notes:

I hereby authorize Lender to debit my bank account noted on the attached void cheque ("Borrower's Account") for the purpose of paying all regularly scheduled payments and all other amounts due to Lender under the terms of this Promissory Note, including amounts owing in the event of Default. I may revoke this authorization subject to providing Lender with 30 days' prior written notice. I understand that I may contact my financial institution or visit www.ednpay.ca to obtain a sample cancellation form or for more information on my right to cancel this authorization. Any cancellation of this authorization applies only to the method of payment between Borrower and Lender and has no effect whatsoever on any other provision of this Promissory Note. Borrower has certain recourse rights if any debit from the Borrower's Account does not comply with the pre-authorized payment authorization granted by Borrower in this Promissory Note. For example, Borrower has the right to receive reimbursement for any debit that is not authorized or is not consistent with the pre-authorized payment authorization granted by Borrower in this Promissory Note. To



PROMISSORY NOTE BAO7475A-003

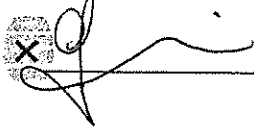
72

4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 Tel: (905)-366-2142 Fax: (866)-797-8488

obtain more information on Borrower's recourse rights, Borrower may contact his/her/its financial institution or visit www.cdnpay.ca. Lender may assign to an assignee (the "Assignee") the pre-authorized payment authorization granted by Borrower in this Promissory Note provided that Lender provides Borrower with written notice of the full details of such assignment, including the identity and contact information of the Assignee, at least 10 days prior to the Assignee collecting any Monthly Installment Payments or other amounts due under this Promissory Note from the Borrower's Account.

ATTACH VOID CHEQUE

2345760 ONTARIO INC.
(Borrower)
I have authority to bind the corporation

Signature: 

Name: Grace Diana
Title: Director

ELEMENT FINANCIAL INC
(Lender)

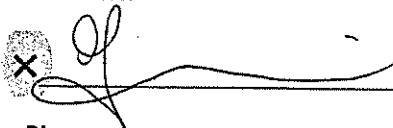
Signature: 

Name: Ben Wyatt
Title: Vice-President, Operations

CERTIFICATE OF OFFICER

The undersigned, Grace Diana, Director of 2345760 ONTARIO INC. (the "Corporation") hereby certifies to Element Financial Inc., its successors and assigns, that the foregoing Promissory Note and all ancillary documents (the "Agreements") were approved and executed by Grace Diana acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on February 26, 2016 which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

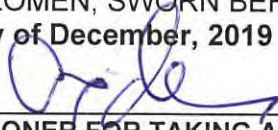
2345760 ONTARIO INC.

Signature: 

Name: Grace Diana
Title: Director

Tab E

**This is Exhibit "E" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



PROMISSORY NOTE BAO7475A-005

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4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 Tel: (905)-366-2142 Fax: (866)-797-8488

AMOUNT: \$1,503,597.50

DATED September 12, 2016

FOR VALUE RECEIVED, the undersigned (the "Borrower"), jointly and severally (if more than one), hereby promises to pay to or to the order of ELEMENT FINANCIAL INC (the "Lender"), at 4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 (or to such other person or at such other place as the Lender may from time to time in writing direct), the principal sum of (\$1,503,597.50) One Million, Five Hundred, Three Thousand, Five Hundred, Ninety-Seven Dollars, Fifty Cents (the "Principal Sum") together with interest at a fixed rate of 6.50% per annum, compounded monthly and accruing in arrears, in 60 consecutive blended monthly installments of principal and interest, in the amounts and at the times set out in the schedule of installments below.

Table with 3 columns: NO. OF MONTHLY PAYMENTS, MONTHLY INSTALLMENT PAYMENTS, COMMENCING (MM/DD/YYYY). Rows show 2, 57, and 1 payments with corresponding amounts and start dates.

All payments hereunder shall be made payable to the Lender, unless otherwise directed in writing by the Lender. This Note cannot be prepaid except with the written consent of the Lender and on terms and conditions that the Lender stipulates.

If the Borrower fails to pay any amount when due under the terms of this Note or any other event of default occurs under any security agreement executed by the Borrower in favour of the Lender (the "Agreement") securing the obligations of the Borrower to the Lender under, among other things this Note (each, a "Default"), the Lender may, in addition to any right or remedy set out in any security (including the Agreement), declare all amounts then due under this Note and all unpaid and future payments under this Note to be immediately due and payable, without any additional notice or demand of any kind, and in such event the Borrower shall forthwith pay to the Lender all such amounts then due under this Note and, as a genuine pre-estimate of liquidated damages for loss of bargain and not as a penalty, the present value of all unpaid and future payments discounted from their respective due dates at a discount rate equal to three percent (3%) per annum.

Payments received by the Lender shall be applied first in payment of unpaid accrued interest and the balance, if any, to the reduction of the Principal Sum. The Borrower waives diligence, presentment, demand, notice, protest, and notice of protest and notice of dishonour. The Borrower shall pay all costs arising or incurred by the Lender as a result of a Default, including reasonable legal fees on a solicitor and his own client basis.

On the sale or other disposition of (a) shares in the capital of the Borrower, or (b) assets of the Borrower (other than the sale of used equipment in the normal course of business of the Borrower), the Borrower shall prepay outstanding credit hereunder in the amount of the proceeds of such disposition (net of the transaction cost of such disposition).

The Lender is hereby irrevocably authorized and directed to pay the Principal Sum as instructed below and the Borrower acknowledges and confirms that the Lender making such payment as directed, the Borrower shall become indebted to the Lender for the Principal Sum and interest thereon pursuant to the terms and conditions hereof: (Check A or B):

- Checked box A: \$1,500,000.00 to be paid to Jerome H. Stanleigh, Barrister & Solicitor "In Trust, \$2,750.00 to be paid to Wilson Vukelich LLP and \$ 847.50 to be paid to Element Financial Inc.
Unchecked box B: To the Lender, as repayment of the principal and accrued interest owed under the following promissory notes:

I hereby authorize Lender to debit my bank account noted on the attached void cheque ("Borrower's Account") for the purpose of paying all regularly scheduled payments and all other amounts due to Lender under the terms of this Promissory Note, including amounts owing in the event of Default. I may revoke this authorization subject to providing Lender with 30 days' prior written notice. I understand that I may contact my financial institution or visit www.cdnpay.ca to obtain a sample cancellation form or for more information on my right to cancel this authorization.



PROMISSORY NOTE BAO7475A-005

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4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 Tel: (905)-366-2142 Fax: (866)-797-8488

obtain more information on Borrower's recourse rights, Borrower may contact his/her/its financial institution or visit www.cdnpay.ca. Lender may assign to an assignee (the "Assignee") the pre-authorized payment authorization granted by Borrower in this Promissory Note provided that Lender provides Borrower with written notice of the full details of such assignment, including the identity and contact information of the Assignee, at least 10 days prior to the Assignee collecting any Monthly Installment Payments or other amounts due under this Promissory Note from the Borrower's Account.

ATTACH VOID CHEQUE

2345760 ONTARIO INC. (Borrower) I have authority to bind the corporation

Signature: [Handwritten signature]

Name: Grace Diena Title: Director

ELEMENT FINANCIAL INC (Lender)

Signature: [Handwritten signature]

Name: Ben Wyatt Title: Vice-President, Operations

CERTIFICATE OF OFFICER

The undersigned, Grace Diena, Director of 2345760 ONTARIO INC. (the "Corporation") hereby certifies to Element Financial Inc., its successors and assigns, that the foregoing Promissory Note and all ancillary documents (the "Agreements") were approved and executed by Grace Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on September 12, 2016 which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

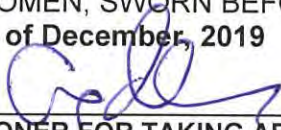
2345760 ONTARIO INC.

Signature: [Handwritten signature]

Name: Grace Diena Title: Director

Tab F

**This is Exhibit "F" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



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4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 Tel: (905)-366-2142 Fax: (866)-797-8488

AMOUNT: \$181,500.00

DATED March 31, 2017

FOR VALUE RECEIVED, the undersigned (the "Borrower"), jointly and severally (if more than one), hereby promises to pay to or to the order of ECN FINANCIAL INC (the "Lender"), at 4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 (or to such other person or at such other place as the Lender may from time to time in writing direct), the principal sum of (\$181,500.00) One Hundred, Eighty-One Thousand, Five Hundred Dollars (the "Principal Sum") together with interest at a fixed rate of 7.25% per annum, compounded monthly and accruing in arrears, in 36 consecutive blended monthly installments of principal and interest, in the amounts and at the times set out in the schedule of installments below.

NO. OF MONTHLY PAYMENTS	MONTHLY INSTALLMENT PAYMENTS	COMMENCING (MM/DD/YYYY)
1	\$0.00	05/01/2017
35	\$5,804.90	06/01/2017

All payments hereunder shall be made payable to the Lender, unless otherwise directed in writing by the Lender. This Note cannot be prepaid except with the written consent of the Lender and on terms and conditions that the Lender stipulates. Any overdue payment of principal or interest shall bear interest before and after default, demand and judgment at a rate of interest per annum of 18% from the due date, calculated and compounded monthly in arrears.

If the Borrower fails to pay any amount when due under the terms of this Note or any other event of default occurs under any security agreement executed by the Borrower in favour of the Lender (the "Agreement") securing the obligations of the Borrower to the Lender under, among other things this Note (each, a "Default"), the Lender may, in addition to any right or remedy set out in any security (including the Agreement), declare all amounts then due under this Note and all unpaid and future payments under this Note to be immediately due and payable, without any additional notice or demand of any kind, and in such event the Borrower shall forthwith pay to the Lender all such amounts then due under this Note and, as a genuine pre-estimate of liquidated damages for loss of bargain and not as a penalty, the present value of all unpaid and future payments discounted from their respective due dates at a discount rate equal to three percent (3%) per annum.

Payments received by the Lender shall be applied first in payment of unpaid accrued interest and the balance, if any, to the reduction of the Principal Sum. The Borrower waives diligence, presentment, demand, notice, protest, and notice of protest and notice of dishonour. The Borrower shall pay all costs arising or incurred by the Lender as a result of a Default, including reasonable legal fees on a solicitor and his own client basis. This Note has been written in the English language at the express request of the parties. Le présent billet a été rédigé en langue anglaise à la demande expresse des parties. The Lender can assign this Note to any third party without notice to or consent of the Borrower. The Borrower may not assign this Note without the Lender's prior written consent. This Note shall be governed by and construed in accordance with the laws of the Province of Ontario.

On the sale or other disposition of (a) shares in the capital of the Borrower, or (b) assets of the Borrower (other than the sale of used equipment in the normal course of business of the Borrower), the Borrower shall prepay outstanding credit hereunder in the amount of the proceeds of such disposition (net of the transaction cost of such disposition).

The Lender is hereby irrevocably authorized and directed to pay the Principal Sum as instructed below and the Borrower acknowledges and confirms that the Lender making such payment as directed, the Borrower shall become indebted to the Lender for the Principal Sum and interest thereon pursuant to the terms and conditions hereof: (Check A or B):

A. \$84,846.74 to be paid to 2345760 Ontario Inc. and \$96,653.26 to be paid to ECN Financial Inc

B. To the Lender, as repayment of the principal and accrued interest owed under the following promissory notes:

I hereby authorize Lender to debit my bank account noted on the attached void cheque ("Borrower's Account") for the purpose of paying all regularly scheduled payments and all other amounts due to Lender under the terms of this Promissory Note, including amounts owing in the event of Default. I may revoke this authorization subject to providing Lender with 30 days' prior written notice. I understand that I may contact my financial institution or visit www.cdnpay.ca to obtain a sample cancellation form or for more information on my right to cancel this authorization. Any cancellation of this authorization applies only to the method of payment between Borrower and Lender and has no effect whatsoever on any other provision of this Promissory Note. Borrower has certain recourse rights if any debit from the Borrower's Account does not comply with the pre-authorized payment authorization granted by Borrower in this Promissory Note. For example, Borrower has the right to receive reimbursement for any debit that is not authorized or is not consistent with the pre-authorized payment authorization granted by Borrower in this Promissory Note. To obtain more information on Borrower's recourse rights, Borrower may contact his/her/its financial institution or

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PROMISSORY NOTE BAO7475A-006

4 Robert Speck Pkwy, Ste 900, Mississauga, ON L4Z 1S1 Tel: (905)-366-2142 Fax: (866)-797-8488

visit www.cdnpay.ca. Lender may assign to an assignee (the "Assignee") the pre-authorized payment authorization granted by Borrower in this Promissory Note provided that Lender provides Borrower with written notice of the full details of such assignment, including the identity and contact information of the Assignee, at least 10 days prior to the Assignee collecting any Monthly Installment Payments or other amounts due under this Promissory Note from the Borrower's Account.

ATTACH VOID CHEQUE

2345760 ONTARIO INC.
(Borrower)
I have authority to bind the corporation

Signature: 

Name: Grace Diena
Title: Director

ECN FINANCIAL INC
(Lender)

Signature: 

Name: Ben Wyatt
Title: Vice-President, Operations

CERTIFICATE OF OFFICER

The undersigned, Grace Diena, Director of 2345760 Ontario Inc. (the "Corporation") hereby certifies to ECN Financial Inc, its successors and assigns, that the foregoing Promissory Note and all ancillary documents (the "Agreements") were approved and executed by Grace Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on March 29, 2017 which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

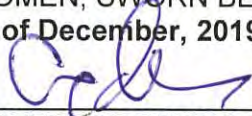
2345760 ONTARIO INC.

Signature: 

Name: Grace Diena
Title: Director

Tab G

**This is Exhibit "G" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

THIS AGREEMENT made as of this 29 day of March, 2017.

BY: 2345760 Ontario Inc., a corporation incorporated under the laws of Ontario (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst St., Toronto, Ontario M3H 5Y8

ISSUED IN FAVOUR OF: ECN FINANCIAL INC ("ECN")

WHEREAS ECN has agreed to extend credit to the Debtor

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all its obligations to ECN, the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements here in contained the debtor agrees with ECN as follows:

ARTICLE ONE - INTERPRETATION

1.01 Interpretation

1. In this Agreement, unless something in the subject matter or context is inconsistent therewith,
 - (a) "Agreement" means this General Security Agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;
 - (b) "Collateral" has the meaning attributed thereto in Section 2.01, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;
 - (c) "Obligations" mean all obligations of the Debtor to ECN including, without limiting the generality of the foregoing, all debts, liabilities, and indebtedness, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to ECN or remaining unpaid by the Debtor to ECN and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between ECN and the Debtor or from other dealings or proceedings by which ECN may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, and other costs, charges and expenses;
 - (d) "Receiver" means any of a receiver or receiver and manager appointed by ECN pursuant to this Agreement;
 - (e) "Guarantor" means any guarantor of the Obligations; and
 - (f) the terms "accession", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meaning given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.
2. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.
3. In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

ARTICLE TWO - GRANT OF SECURITY

2.01 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to ECN a security interest in the present and future undertaking and property, both real and personal, and wherever located, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns

the Collateral to ECN and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to ECN. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, or be entitled to in all property of the following kinds:

- (a) Accounts receivable: all debts, accounts, claims and chooses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
 - (b) Inventory: all inventory or whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
 - (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not inventory (collectively, the "Equipment");
 - (d) Chattel Paper: all chattel paper;
 - (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
 - (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments;
 - (g) Intangibles: all intangibles not described in Section 2.01(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
 - (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
 - (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.01(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including without limitation, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
 - (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.01(a) to (i) inclusive;
 - (k) Proceeds: all proceeds to the property described in Sections 2.01(a) to (i) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property; and
 - (l) All property described in schedule(s) now or hereafter attached hereto.
- 2.02 In addition, the Debtor hereby charges in favour of ECN, as and by way of a floating charge, its undertaking and all property and assets, real and personal, movable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Debtor now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to the specific mortgage and charge and subject to the exceptions hereinafter contained);
- 2.03 Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:

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- (a) any consumer goods;
- (b) the last day of the term of any lease or any agreement for lease of real property now held or hereafter acquired by the Debtor, but should ECN enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust for ECN and shall assign the same as ECN shall direct; or
- (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a part or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for ECN and shall assign such contractual rights to ECN forthwith upon obtaining the consent of the other party thereto or as directed by ECN. The Debtor agrees that it shall, upon the request of ECN, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage and charge granted hereby.
- 2.04 Property in and title to any item of Collateral supplied to the Debtor by ECN, or the acquisition of which has been financed by ECN, shall remain in ECN until the full purchase price of such item, together with interest, financing charges and other charges in respect thereof from time to time in effect, shall have been paid in full. Receipt by ECN of any instrument of or endorsed by the Debtor shall not constitute payment until ECN receives in cash the full amount thereof. Risk of loss of each item of Collateral supplied by ECN shall pass to the Debtor upon delivery thereof to the Debtor.
- ARTICLES THREE - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR**
- 3.01 Representations and Warranties**
- The Debtor hereby represents and warrants to ECN that:
- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, by-laws or other constating documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party by or which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to ECN is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to ECN;
- (c) except as otherwise provided herein or disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others which rank prior to or pari passu with the security interest, assignment, mortgage and charge granted hereby; and the Debtor's chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than inventory in transit) is that given in Section 7.06 of this Agreement, except as otherwise provided herein or disclosed in any schedule(s) hereto.
- 3.02 Covenants**
- The Debtor covenants with ECN that:
- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of ECN;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests;
- (e) it shall not change its chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than inventory in transit) from the locations specified in Section 3.01(d), without the prior written consent of ECN;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall deliver to ECN, when required, the receipts and vouchers establishing such payment;
- (g) it shall keep proper books of account in accordance with sound accounting practice, shall furnish to ECN any financial and personal information of the Debtor and any Guarantor as ECN may from time to time require and it shall permit ECN or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (h) it shall from time to time forthwith at the request of ECN furnish to ECN in writing all information required relating to the Collateral (including without limitation, descriptions of all motor vehicles and other "serial number" goods), and ECN shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes ECN shall have access to all premises occupied by the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (i) it shall not change its name or, if the Debtor is a corporation, shall not amalgamate with any other corporation without first giving notice to ECN of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
- (j) it shall pay to ECN forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of ECN in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage and charge granted hereby and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.
- 3.03 The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear expected, and ECN may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary and the cost of such inspection and repairs shall be payable by the Debtor to ECN upon demand.
- 3.04 If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by ECN, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to ECN and, if requested by ECN, will cause such securities included in the Collateral to be registered in ECN's name so that ECN may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and ECN will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of ECN's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor waives all right to receive any such distribution after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by ECN to the Debtor or its order as aforesaid shall be effective from and after the occurrence of an Event of Default, and upon the occurrence of an Event of Default the Debtor shall immediately surrender any such proxy to ECN.
- 3.05 All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by ECN and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of

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ECN and any disposition or payment of the Obligations until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

ARTICLE FOUR - INSURANCE 4.01 INSURANCE

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral in any amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to ECN. If any such policies of insurance contain a co-insurance clause, the Debtor shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies shall name ECN as an additional insured and as a first loss payee thereof, as ECN's interests may appear, and shall contain a clause requiring the insurer to give ECN at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation or intended cancellation thereof. At ECN's request, the Debtor shall furnish ECN with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to ECN that such insurance coverage is in effect, provided, however, that ECN shall be under no duty to either ascertain the existence of or to examine such insurance policy or to advise the Debtor in the event such insurance coverage shall not comply with the requirements hereof. The Debtor shall give ECN notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, ECN shall have the right, but not the obligation, without notice to or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforcement of this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by ECN in performing such obligations shall be immediately due and payable to the Debtor and, until paid, such amounts shall be added to and form part of the Obligations secured hereunder. The Debtor will, at its expense, make all proofs of loss and take all other steps necessary to recover insurance benefits unless advised in writing by ECN that ECN desires so to do at the Debtor's expense. If the Debtor fails to recover the insurance benefits within a reasonable time or if ECN notifies the Debtor in writing of ECN's desire to recover such insurance benefits directly, then the Debtor hereby appoints ECN, with full power of substitution, as the Debtor's lawful attorney for all such purposes, including the execution and endorsement of all documents, cheques or drafts for loss or damage under any applicable insurance policies. Proceeds of the insurance shall at the option of ECN be disbursed by ECN against satisfactory invoices for repair or replacement of the Collateral, or be retained by ECN for application against the Obligations, and if the proceeds received are less than the loss value of the Collateral lost, the Debtor shall immediately pay to ECN the amount of such deficiency. The total or partial loss of the Collateral or its use or possession shall not relieve the Debtor from its Obligations.

ARTICLE FIVE - DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor shall not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of ECN, except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage and charge granted hereby and, subject to Section 5.02, collect Receivables in the ordinary course of its business.

5.02 Notification of Account Debtors

Before or after an Event of Default occurs, ECN may give notice of this Agreement and the security granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to ECN. Any payments or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by ECN shall be held by the Debtor in trust for ECN and paid over to ECN on request.

5.03 Application of Funds

Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ECN in respect of the Collateral may be applied on account of such parts of the Obligations as ECN in its sole discretion may determine, or may be held unappropriated in a collateral account, or in the discretion of ECN may be released to the Debtor, all without prejudice to ECN's rights against the Debtor.

ARTICLE SIX - DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor shall be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor fails to pay to ECN all or any part of the Obligations when due;
- (b) the Debtor fails to observe or perform any covenant or other obligation of the Debtor contained in this Agreement (other than a covenant or obligation specifically dealt with elsewhere in this Section 6.01);
- (c) any representation or warranty made by the Debtor or any Guarantor to ECN in connection with the entering into of this Agreement or any statement in any document, agreement or certificate furnished at any time to ECN in connection herewith proves to have been untrue, incorrect or misleading when made or furnished;
- (d) the Debtor, any Guarantor or any affiliate thereof is in default under any other agreement or obligation now existing or hereinafter entered into with ECN or any affiliate of ECN whether any of Debtor, such Guarantor or such affiliate is bound alone or with others;
- (e) the Debtor or any Guarantor ceases or threatens to cease to carry on the business currently being carried on by it or disposes of all or substantially all of its property;
- (f) the Debtor or any Guarantor becomes insolvent (within the meaning of the Bankruptcy and Insolvency Act) or commits or threatens to commit an act of bankruptcy or if a petition in bankruptcy, proposal, arrangement or reorganization under the Bankruptcy and Insolvency Act, Winding-up and Restructuring Act or Companies' Creditors Arrangement Act is filed by or against the Debtor or any Guarantor or if a trustee, receiver or receiver-manager or other similar official is appointed for Debtor or any Guarantor or a substantial part of Debtor's or any Guarantor's property;
- (g) if Debtor is a corporation, there is any change in its effective control without ECN's prior written consent;
- (h) the Collateral or any part thereof is seized, forfeited or confiscated or otherwise attached by anyone pursuant to any legal process or other means;
- (i) an encumbrancer or any other party takes possession of a substantial part of the Debtor's or any Guarantor's property;
- (j) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the security interest, assignment, mortgage or charge granted by this Agreement;
- (k) ECN believes in good faith that the payment of the Obligations or the performance or observance of any covenant herein is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process or otherwise; or
- (l) Debtor or any Guarantor dies or becomes mentally incompetent, if an individual, or is dissolved, or amalgamated or wound up if Debtor or such Guarantor is a corporation.

6.02 Remedies

1. Upon the occurrence of any Event of Default and at any time thereafter, ECN shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively and all of which may be exercised by ECN directly or through agents or nominees:
 - (a) any or all of the Obligations shall at the option of ECN become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of ECN to make further advances to the Debtor shall cease;

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- and any or all security granted hereby shall, at the option of ECN, become immediately enforceable;
- (b) ECN may appoint any person to be a Receiver of the Debtor or any or all of the Collateral and may remove any Receiver so appointed and appoint another if ECN so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all the powers as may be provided for in the instrument of appointment or any supplemental instrument, as well as all the powers of ECN hereunder, and in addition, shall have the power to carry on the business of the Debtor;
 - (c) ECN may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to ECN at such place or places as may be specified by ECN;
 - (d) ECN may carry on or concur in the carrying on of all or any part of the business of the Debtor;
 - (e) ECN may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
 - (f) ECN may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as ECN may determine and without notice to the Debtor unless required by law;
 - (g) ECN may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
 - (h) ECN may apply to a court of competent jurisdiction for the appointment of a receiver or a receiver and manager of the Debtor or of any or all of the Collateral; and
 - (i) ECN may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral.
2. The Debtor further agrees with ECN that:
- (a) ECN shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Collateral or for the purpose of preserving any rights of ECN, the Debtor or any other person in respect of the Collateral;
 - (b) ECN may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as ECN may see fit without prejudice to the liability of the Debtor to ECN or ECN's rights hereunder;
 - (c) To facilitate the realization of the Collateral, ECN may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as ECN requires, free of charge, and ECN shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (d) ECN may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured; and
 - (e) Any process of realization of the Collateral may be applied by ECN to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement and any balance of such proceeds shall be applied by ECN to payment of the Obligations in such order as ECN may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom ECN has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall be liable to pay any deficiency to ECN forthwith on demand.

- 3. If Debtor is a medical practitioner, dentist or pharmacist, then and only then, Debtor further agrees, in addition to and not in lieu of any of the foregoing:

- (a) to deliver the Books and Records described in Section 2.01(i), upon the request of ECN, to an individual designated by ECN who is qualified and licensed to carry on his/her Practice (as defined below); and
- (b) not to carry on a Practice or attempt to contrive to carry on his/her Practice, directly or indirectly, individually or in partnership or for a corporation as principal, agent, director or officer or in any other manner whatsoever or permit his/her name to be used or employed in any Practice, without the written consent of ECN, for:
 - i. a period of time of three years (or, if such period of time is not permitted by applicable law, the longest period of time that is permitted by applicable law), from the date of the Event of Default, and
 - ii. a geographic area that is within a 5 kilometre radius (or, if such geographic area is not permitted by applicable law, the largest geographical area that is permitted by applicable law) of the premises at which the Debtor's Practice was carried out prior to the Event of Default.

For a medical practitioner or dentist, "Practice" means practicing the prevention, diagnosis, treatment of medical diseases and injuries and malfunctions of the teeth, jaws and mouth, and for a pharmacist, "Practice" means the preparation and dispensing of pharmaceuticals.

ARTICLE SEVEN - GENERAL

7.01 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of ECN. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, and their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.02 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ECN with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between ECN and the Debtor except as expressly set forth herein.

7.03 No Waiver

No delay or failure by ECN in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.05 Further Assistance

The Debtor will from time to time forthwith at the request of ECN and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements, schedules and further assignments, transfers, documents, acts, matters, things and assurances as may be reasonably required by ECN to effectively carry out the full intent and meaning of this Agreement or to better evidence, perfect and preserve the security interest, assignment, mortgage and charge granted hereby. The Debtor hereby irrevocably constitutes and appoints ECN, or any Receiver appointed by a court of competent jurisdiction or ECN, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever ECN or any such Receiver may consider it to be necessary or desirable, and the Debtor agrees to ratify and confirm all such acts of the said attorney lawfully done. The Debtor shall pay all costs for searches and

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filings in connection with the registration, perfection and continuation of the security granted hereunder.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by facsimile transmission, addressed to the recipient as follows:

- (c) To the Debtor:
2345760 Ontario Inc.
200-4256 Bathurst Street
Toronto, Ontario
M3H 5Y8

Fax No.: _____

- (d) To ECN FINANCIAL INC:
4 Robert Speck Pkwy, Ste 900
Mississauga, ON L4Z 1S1
Fax No.: (888) 772-8129
or such other address, facsimile number or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system and might affect the delivery of mail, any such demand, notice or other communication shall not be mailed by shall be given by personal delivery or by facsimile transmission.

7.07 Modification

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties. The rights of ECN under this Agreement may be assigned by ECN without the consent of the Debtor, free of any set-off, counter-claim or equities between the Debtor and ECN, and the Debtor shall not assert against any assignee of ECN any claim or defence that the Debtor has

against ECN. The Debtor may not assign its obligations under this Agreement.

7.08 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by ECN and this Agreement is a continuing agreement and the security shall remain in full force and effect until discharged by ECN.

7.09 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by ECN.

7.10 Governing Law

This Agreement shall, for the purpose of determining the validity and enforceability of ECN's security interest in the Collateral and its remedies upon a default, be governed by and construed in accordance with the laws of the jurisdiction where (i) the Debtor is located with respect to that part of the Collateral that is inventory leased or held for lease to others or Collateral that is an intangible or Collateral that is normally used in more than one jurisdiction; and (ii) the laws of the jurisdiction where the Collateral is located in all other cases. For all other purposes, this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

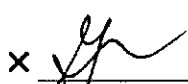
7.11 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted by law, hereby waives and renounces such right and exonerates ECN from the obligation to provide such copies or verification statements thereto.

7.12 Attachment

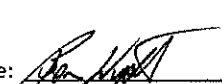
The Debtor confirms that value has been given by ECN to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ECN have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created by this Agreement to any of the Collateral. The security interest, assignment, mortgage and charge created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige ECN to advance any funds or any additional funds.

2345760 ONTARIO INC.
(DEBTOR)
I have authority to bind the corporation

Signature:  _____

Name: Grace Diehl
Title: Director

ECN FINANCIAL INC
(ECN)

Signature:  _____

Name: Ben Wyett
Title: Vice-President, Operations



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4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

CERTIFICATE OF OFFICER

The undersigned, Grace Diena, Director of 2345760 ONTARIO INC. (the "Corporation") hereby certifies to ECN Financial Inc, its successors and assigns, that the foregoing General Security Agreement and all ancillary documents (the "Agreements") were approved and executed by Grace Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on March 27, 2017, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

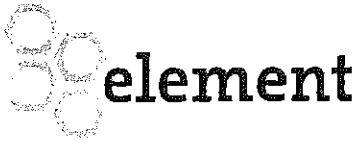
2345760 ONTARIO INC.

Signature: X

A handwritten signature in black ink, appearing to be 'GD', written over a horizontal line.

Name: Grace Diena

Title: Director



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TD Canada Trust Tower, 161 Bay Street, Suite 4600, PO Box 621, Toronto, ON M5J 2S1
Phone: (416)-386-1067 Fax: (888)-772-8129

THIS AGREEMENT made as of this 28 day of February, 2013.

BY: 2345760 ONTARIO INC., a corporation incorporated under the laws of ON (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst St., Toronto, ON M3H 5Y8

ISSUED IN FAVOUR OF: ELEMENT FINANCIAL CORPORATION ("ELEMENT")

WHEREAS Element has agreed to extend credit to the Debtor

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all its obligations to Element, the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements here in contained the debtor agrees with Element as follows:

ARTICLE ONE - INTERPRETATION

1.01 Interpretation

- 1. In this Agreement, unless something in the subject matter or context is inconsistent therewith,
(a) "Agreement" means this General Security Agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;
(b) "Collateral" has the meaning attributed thereto in Section 2.01, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;
(c) "Obligations" mean all obligations of the Debtor to ELEMENT including, without limiting the generality of the foregoing, all debts, liabilities, and indebtedness, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to ELEMENT or remaining unpaid by the Debtor to ELEMENT and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between ELEMENT and the Debtor or from other dealings or proceedings by which ELEMENT may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, and other costs, charges and expenses;
(d) "Receiver" means any of a receiver or receiver and manager appointed by ELEMENT pursuant to this Agreement;
(e) "Guarantor" means any guarantor of the Obligations; and
(f) the terms "accession", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meaning given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.
2. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.
3. In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

- assigns the Collateral to ELEMENT and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to ELEMENT. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, or be entitled to in all property of the following kinds:
(a) Accounts receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
(b) Inventory: all inventory or whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
(c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not inventory (collectively, the "Equipment");
(d) Chattel Paper: all chattel paper;
(e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
(f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments;
(g) Intangibles: all intangibles not described in Section 2.01(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
(h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
(i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.01(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including without limitation, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
(j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.01(a) to (i) inclusive;
(k) Proceeds: all proceeds to the property described in Sections 2.01(a) to (i) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property; and
(l) All property described in schedule(s) now or hereafter attached hereto.

ARTICLE TWO - GRANT OF SECURITY

2.01 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to ELEMENT a security interest in the present and future undertaking and property, both real and personal, and wherever located, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby

2.02 In addition, the Debtor hereby charges in favour of ELEMENT, as and by way of a floating charge, its undertaking and all property and assets, real and personal, movable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Debtor now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to the specific mortgage and charge and subject to the exceptions hereinafter contained);



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- 2.03 Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:
- (a) any consumer goods;
 - (b) the last day of the term of any lease or any agreement for lease of real property now held or hereafter acquired by the Debtor, but should ELEMENT enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust for ELEMENT and shall assign the same as ELEMENT shall direct; or
 - (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a part or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for ELEMENT and shall assign such contractual rights to ELEMENT forthwith upon obtaining the consent of the other party thereto or as directed by ELEMENT. The Debtor agrees that it shall, upon the request of ELEMENT, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage and charge granted hereby.
- 2.04 Property in and title to any item of Collateral supplied to the Debtor by ELEMENT, or the acquisition of which has been financed by ELEMENT, shall remain in ELEMENT until the full purchase price of such item, together with interest, financing charges and other charges in respect thereof from time to time in effect, shall have been paid in full. Receipt by ELEMENT of any instrument of or endorsed by the Debtor shall not constitute payment until ELEMENT receives in cash the full amount thereof. Risk of loss of each item of Collateral supplied by ELEMENT shall pass to the Debtor upon delivery thereof to the Debtor.

ARTICLES THREE - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Representations and Warranties

The Debtor hereby represents and warrants to ELEMENT that:

- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, by-laws or other constating documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party by or which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to ELEMENT is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to ELEMENT;
- (c) except as otherwise provided herein or disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others which rank prior to or pari passu with the security interest, assignment, mortgage and charge granted hereby; and
- (d) the Debtor's chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than inventory in transit) is that given in Section 7.06 of this Agreement, except as otherwise provided herein or disclosed in any schedule(s) hereto.

3.02 Covenants

The Debtor covenants with ELEMENT that:

- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
 - (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
 - (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of ELEMENT;
 - (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests;
 - (e) it shall not change its chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than inventory in transit) from the locations specified in Section 3.01(d), without the prior written consent of ELEMENT;
 - (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall deliver to ELEMENT, when required, the receipts and vouchers establishing such payment;
 - (g) it shall keep proper books of account in accordance with sound accounting practice, shall furnish to ELEMENT any financial and personal information of the Debtor and any Guarantor as ELEMENT may from time to time require and it shall permit ELEMENT or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
 - (h) it shall from time to time forthwith at the request of ELEMENT furnish to ELEMENT in writing all information required relating to the Collateral (including without limitation, descriptions of all motor vehicles and other "serial number" goods), and ELEMENT shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes ELEMENT shall have access to all premises occupied by the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
 - (i) it shall not change its name or, if the Debtor is a corporation, shall not amalgamate with any other corporation without first giving notice to ELEMENT of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
 - (j) it shall pay to ELEMENT forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of ELEMENT in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage and charge granted hereby and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.
- 3.03 The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear expected, and ELEMENT may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary and the cost of such inspection and repairs shall be payable by the Debtor to ELEMENT upon demand.
- 3.04 If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by ELEMENT, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to ELEMENT and, if requested by ELEMENT, will cause such securities included in the Collateral to be registered in ELEMENT's name so that ELEMENT may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and ELEMENT will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of ELEMENT's



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- expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor waives all right to receive any such distribution after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by ELEMENT to the Debtor or its order as aforesaid shall be effective from and after the occurrence of an Event of Default, and upon the occurrence of an Event of Default the Debtor shall immediately surrender any such proxy to ELEMENT.
- 3.D5 All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by ELEMENT and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of ELEMENT and any disposition or payment of the Obligations until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

ARTICLE FOUR - INSURANCE

4.01 INSURANCE

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral in any amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to ELEMENT. If any such policies of insurance contain a co-insurance clause, the Debtor shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies shall name ELEMENT as an additional insured and as a first loss payee thereof, as ELEMENT's interests may appear, and shall contain a clause requiring the insurer to give ELEMENT at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation or intended cancellation thereof. At ELEMENT's request, the Debtor shall furnish ELEMENT with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to ELEMENT that such insurance coverage is in effect, provided, however, that ELEMENT shall be under no duty to either ascertain the existence of or to examine such insurance policy or to advise the Debtor in the event such insurance coverage shall not comply with the requirements hereof. The Debtor shall give ELEMENT notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, ELEMENT shall have the right, but not the obligation, without notice to or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforcement of this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by ELEMENT in performing such obligations shall be immediately due and payable to the Debtor and, until paid, such amounts shall be added to and form part of the Obligations secured hereunder. The Debtor will, at its expense, make all proofs of loss and take all other steps necessary to recover insurance benefits unless advised in writing by ELEMENT that ELEMENT desires to do so at the Debtor's expense. If the Debtor fails to recover the insurance benefits within a reasonable time or if ELEMENT notifies the Debtor in writing of ELEMENT's desire to recover such insurance benefits directly, then the Debtor hereby appoints ELEMENT, with full power of substitution, as the Debtor's lawful attorney for all such purposes, including the execution and endorsement of all documents, cheques or drafts for loss or damage under any applicable insurance policies. Proceeds of the insurance shall at the option of ELEMENT be disbursed by ELEMENT against satisfactory invoices for repair or replacement of the Collateral, or be retained by ELEMENT for application against the Obligations, and if the proceeds received are less than the loss value of the Collateral lost, the Debtor shall immediately pay to ELEMENT the amount of such deficiency. The total or partial loss of the Collateral or its use or possession shall not relieve the Debtor from its Obligations.

ARTICLE FIVE - DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor shall not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of ELEMENT, except that

the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage and charge granted hereby and, subject to Section 5.02, collect Receivables in the ordinary course of its business.

5.02 Notification of Account Debtors

Before or after an Event of Default occurs, ELEMENT may give notice of this Agreement and the security granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to ELEMENT. Any payments or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by ELEMENT shall be held by the Debtor in trust for ELEMENT and paid over to ELEMENT on request.

5.03 Application of Funds

Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ELEMENT in respect of the Collateral may be applied on account of such parts of the Obligations as ELEMENT in its sole discretion may determine, or may be held unappropriated in a collateral account, or in the discretion of ELEMENT may be released to the Debtor, all without prejudice to ELEMENT's rights against the Debtor.

ARTICLE SIX - DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor shall be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor fails to pay to ELEMENT all or any part of the Obligations when due;
- (b) the Debtor fails to observe or perform any covenant or other obligation of the Debtor contained in this Agreement (other than a covenant or obligation specifically dealt with elsewhere in this Section 6.01);
- (c) any representation or warranty made by the Debtor or any Guarantor to ELEMENT in connection with the entering into of this Agreement or any statement in any document, agreement or certificate furnished at any time to ELEMENT in connection herewith proves to have been untrue, incorrect or misleading when made or furnished;
- (d) the Debtor, any Guarantor or any affiliate thereof is in default under any other agreement or obligation now existing or hereinafter entered into with ELEMENT or any affiliate of ELEMENT whether any of Debtor, such Guarantor or such affiliate is bound alone or with others;
- (e) the Debtor or any Guarantor ceases or threatens to cease to carry on the business currently being carried on by it or disposes of all or substantially all of its property;
- (f) the Debtor or any Guarantor becomes insolvent (within the meaning of the Bankruptcy and Insolvency Act) or commits or threatens to commit an act of bankruptcy or if a petition in bankruptcy, proposal, arrangement or reorganization under the Bankruptcy and Insolvency Act, Winding-up and Restructuring Act or Companies' Creditors Arrangement Act is filed by or against the Debtor or any Guarantor or if a trustee, receiver or receiver-manager or other similar official is appointed for Debtor or any Guarantor or a substantial part of Debtor's or any Guarantor's property;
- (g) if Debtor is a corporation, there is any change in its effective control without ELEMENT's prior written consent;
- (h) the Collateral or any part thereof is seized, forfeited or confiscated or otherwise attached by anyone pursuant to any legal process or other means;
- (i) an encumbrancer or any other party takes possession of a substantial part of the Debtor's or any Guarantor's property;
- (j) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the security interest, assignment, mortgage or charge granted by this Agreement;
- (k) ELEMENT believes in good faith that the payment of the Obligations or the performance or observance of any covenant herein is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the



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- (l) Debtor or any Guarantor dies or becomes mentally incompetent, if an individual, or is dissolved, or amalgamated or wound up if Debtor or such Guarantor is a corporation.

6.02 Remedies

1. Upon the occurrence of any Event of Default and at any time thereafter, ELEMENT shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively and all of which may be exercised by ELEMENT directly or through agents or nominees:

- (a) any or all of the Obligations shall at the option of ELEMENT become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of ELEMENT to make further advances to the Debtor shall cease; and any or all security granted hereby shall, at the option of ELEMENT, become immediately enforceable;
(b) ELEMENT may appoint any person to be a Receiver of the Debtor or any or all of the Collateral and may remove any Receiver so appointed and appoint another if ELEMENT so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all the powers as may be provided for in the instrument of appointment or any supplemental instrument, as well as all the powers of ELEMENT hereunder, and in addition, shall have the power to carry on the business of the Debtor;
(c) ELEMENT may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to ELEMENT at such place or places as may be specified by ELEMENT;
(d) ELEMENT may carry on or concur in the carrying on of all or any part of the business of the Debtor;
(e) ELEMENT may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
(f) ELEMENT may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as ELEMENT may determine and without notice to the Debtor unless required by law;
(g) ELEMENT may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
(h) ELEMENT may apply to a court of competent jurisdiction for the appointment of a receiver or a receiver and manager of the Debtor or of any or all of the Collateral; and
(i) ELEMENT may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral.

2. The Debtor further agrees with ELEMENT that:

- (a) ELEMENT shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Collateral or for the purpose of preserving any rights of ELEMENT, the Debtor or any other person in respect of the Collateral;
(b) ELEMENT may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as ELEMENT may see fit without prejudice to the liability of the Debtor to ELEMENT or ELEMENT's rights hereunder;
(c) To facilitate the realization of the Collateral, ELEMENT may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as ELEMENT requires, free of charge, and ELEMENT shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;

(d) ELEMENT may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured; and

(e) Any process of realization of the Collateral may be applied by ELEMENT to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement and any balance of such proceeds shall be applied by ELEMENT to payment of the Obligations in such order as ELEMENT may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom ELEMENT has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall be liable to pay any deficiency to ELEMENT forthwith on demand.

3. If Debtor is a medical practitioner, dentist or pharmacist, then and only then, Debtor further agrees, in addition to and not in lieu of any of the foregoing:

(a) to deliver the Books and Records described in Section 2.01(i), upon the request of ELEMENT, to an individual designated by ELEMENT who is qualified and licensed to carry on his/her Practice (as defined below); and

(b) not to carry on a Practice or attempt to contrive to carry on his/her Practice, directly or indirectly, individually or in partnership or for a corporation as principal, agent, director or officer or in any other manner whatsoever or permit his/her name to be used or employed in any Practice, without the written consent of ELEMENT, for:

- i. a period of time of three years (or, if such period of time is not permitted by applicable law, the longest period of time that is permitted by applicable law), from the date of the Event of Default, and
ii. a geographic area that is within a 5 kilometre radius (or, if such geographic area is not permitted by applicable law, the largest geographical area that is permitted by applicable law) of the premises at which the Debtor's Practice was carried out prior to the Event of Default.

For a medical practitioner or dentist, "Practice" means practicing the prevention, diagnosis, treatment of medical diseases and injuries and malfunctions of the teeth, jaws and mouth, and for a pharmacist, "Practice" means the preparation and dispensing of pharmaceuticals.

ARTICLE SEVEN - GENERAL

7.01 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of ELEMENT. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, and their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.02 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ELEMENT with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between ELEMENT and the Debtor except as expressly set forth herein.

7.03 No Waiver

No delay or failure by ELEMENT in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability



GENERAL SECURITY AGREEMENT

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TD Canada Trust Tower, 161 Bay Street, Suite 4600, PO Box 621, Toronto, ON M5J 2S1
Phone: (416)-386-1067 Fax: (888)-772-8129

shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

reasonably to know of any difficulties with the postal system and might affect the delivery of mail, any such demand, notice or other communication shall not be mailed by shall be given by personal delivery or by facsimile transmission.

7.05 Further Assistance

The Debtor will from time to time forthwith at the request of ELEMENT and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements, schedules and further assignments, transfers, documents, acts, matters, things and assurances as may be reasonably required by ELEMENT to effectively carry out the full intent and meaning of this Agreement or to better evidence, perfect and preserve the security interest, assignment, mortgage and charge granted hereby.

7.07 Modification

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties. The rights of ELEMENT under this Agreement may be assigned by ELEMENT without the consent of the Debtor, free of any set-off, counter-claim or equities between the Debtor and ELEMENT, and the Debtor shall not assert against any assignee of ELEMENT any claim or defence that the Debtor has against ELEMENT.

7.08 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by ELEMENT and this Agreement is a continuing agreement and the security shall remain in full force and effect until discharged by ELEMENT.

7.09 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by ELEMENT.

7.10 Governing Law

This Agreement shall, for the purpose of determining the validity and enforceability of ELEMENT's security interest in the Collateral and its remedies upon a default, be governed by and construed in accordance with the laws of the jurisdiction where (i) the Debtor is located with respect to that part of the Collateral that is inventory leased or held for lease to others or Collateral that is an intangible or Collateral that is normally used in more than one jurisdiction; and (ii) the laws of the jurisdiction where the Collateral is located in all other cases.

7.11 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted by law, hereby waives and renounces such right and exonerates ELEMENT from the obligation to provide such copies or verification statements thereto.

7.12 Attachment

The Debtor confirms that value has been given by ELEMENT to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ELEMENT have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created by this Agreement to any of the Collateral. The security interest, assignment, mortgage and charge created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by facsimile transmission, addressed to the recipient as follows:

(c) To the Debtor:
2345760 ONTARIO INC.
200-4256 Bathurst St.,
Toronto, ON M3H 5Y8
Fax No.:

(d) To ELEMENT FINANCIAL CORPORATION:
Canada Trust Tower
161 Bay Street
Suite 4600
P.O. Box 621
Toronto, Ontario
M5J 2S1
Fax No.: (888) 772-8129
or such other address, facsimile number or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought

2345760 ONTARIO INC.
(DEBTOR)
I have authority to bind the corporation

Signature: X [Handwritten Signature]

Name: Daniel Diena

Title: Director

ELEMENT FINANCIAL CORPORATION
(ELEMENT)

Signature: [Handwritten Signature]

Name: Ben Wyatt

Title: Vice-President, Operations



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GENERAL SECURITY AGREEMENT

TD Canada Trust Tower, 161 Bay Street, Suite 4600, PO Box 621, Toronto, ON M5J 2S1
Phone: (416)-386-1067 Fax: (888)-772-8129

CERTIFICATE OF OFFICER

The undersigned, Daniel Diena, Director of 2345760 Ontario Inc. (the "Corporation") hereby certifies to Element Financial Corporation, its successors and assigns, that the foregoing General Security Agreement and all ancillary documents (the "Agreements") were approved and executed by Daniel Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on February 28, 2013, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

2345760 ONTARIO INC.

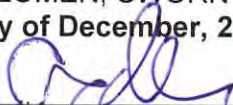
Signature: X

Name: Daniel Diena

Title: Director

Tab H

**This is Exhibit "H" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

For value received the undersigned RANDO DRUGS LTD. (the "Guarantor") hereby guarantees to ECN FINANCIAL INC ("ECN") payment, forthwith after demand made therefore as hereinafter provided, of all indebtedness and liability (past, present and future, direct or indirect, absolute or contingent, matured or not) of 2345760 Ontario Inc. as ("the Obligor") to ECN whether arising from the agreement or dealings between ECN and the Obligor or from agreement or dealings between ECN and any third party by which the Obligor now is or hereafter may become indebted or liable to ECN or however otherwise arising and whether the Obligor be bound alone or with another or others and whether as principal or surety or guarantor, and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several.
2. ECN may increase, reduce, discontinue or otherwise vary the Obligor's credit, grant time, renewals, extension, releases and discharges to, take and give up security (which may include other guarantees), and otherwise deal with the Obligor or others or from the sale or other disposal of security upon such part of the Obligor's liability as ECN may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of ECN against the Obligor or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be continuing security for payment by the Obligor to ECN of all the indebtedness and liability aforesaid.
4. ECN shall not be bound to exhaust its recourse against the Obligor or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of security received by ECN from the Obligor or others, whether occasioned through the fault of ECN or otherwise, shall not discharge or limit the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Obligor, or, if the Obligor is a partnership, any change or changes in the membership of the Obligor's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Obligor.
7. All monies, advances, renewals and credits borrowed or obtained from ECN shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Obligor or the directors, partners or agents thereof, or that the Obligor may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to ECN after demand thereof by ECN.
8. Any account settled or stated by or between ECN and the Obligor shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Obligor to ECN is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Obligor's indebtedness and liabilities have been paid in full. If ECN should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Obligor or the Obligor's estate until ECN's claims against the Obligor have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Obligor (whether voluntary or compulsory) or in the event that the Obligor shall make a bulk sale of any of the Obligor's assets within the bulk transfer provisions of any applicable legislation, or shall make any compromise with creditors or scheme of arrangement, ECN shall have the right to rank for its full claim and receive dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to ECN by the Obligor.
10. Any notice or demand which ECN may wish to give may be served on the Guarantor either personally on the Guarantor or the Guarantor's legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same by registered mail in an envelope addressed to the last known address of the Guarantor to be served as it appears on ECN's records and the notice so sent shall be deemed to be received on the second business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Obligor to ECN, the Guarantor hereby grants to ECN a security interest in all debts and liabilities, present and future, of the Obligor to the Guarantor, all of which are hereby assigned by the Guarantor to ECN and postponed to the present and future debts and liabilities of the Obligor to ECN. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to ECN, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may, at the option of ECN, be severed therefrom. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from ECN a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this agreement.

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Obligor to ECN then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until ECN has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default ECN may maintain an action upon this guarantee whether or not the Obligor is joined therein or separate action is brought against the Obligor or judgment obtained against the Guarantor. ECN's rights are cumulative and shall not be exhausted by the exercise of any number of successive actions until and unless all indebtedness and liability guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
13. The Guarantor shall pay to ECN on demand (in addition to all debts and liabilities of the Obligor hereby guaranteed) all costs, charges and expenses (including without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by ECN for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by ECN of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate equal to 3% above the rate published by The Bank of Nova Scotia from time to time as The Bank of Nova Scotia's prime lending rate. A statement signed by an officer of ECN confirmed as The Bank of Nova Scotia's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by ECN. Without limiting the generality of the foregoing, all limits and evidence of the liability pursuant to any guarantee now or hereafter held by ECN shall be cumulative.
15. There are no representations, warranties, collateral agreement or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof of any other proposed or intended signatory or signatories.
16. This instrument shall be construed in accordance with the laws of the province of residence of the Guarantor, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the course of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit ECN's right to bring proceedings against the Guarantor elsewhere.
17. This instrument shall extend to and enure to the benefit of the successor's and assigns of ECN and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

Given under seal at Toronto this 27 day of March, 2017.

Guarantor: **RANDO DRUGS LTD.**

X 

Name: Grace Diena
Title: Director

CERTIFICATE OF OFFICER

The undersigned, Grace Diena, Director of Rando Drugs Ltd. (the "Corporation") hereby certifies to ECN Financial Inc, its successors and assigns, that the foregoing Guarantee and all ancillary documents (the "Agreements") were approved and executed by Grace Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on March 27, 2017, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

RANDO DRUGS LTD.

Signature: X 

Name: Grace Diena
Title: Director

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

For value received the undersigned 2275518 ONTARIO INC. (the "Guarantor") hereby guarantees to ECN FINANCIAL INC ("ECN") payment, forthwith after demand made therefore as hereinafter provided, of all indebtedness and liability (past, present and future, direct or indirect, absolute or contingent, matured or not) of 2345760 Ontario Inc. as ("the Obligor") to ECN whether arising from the agreement or dealings between ECN and the Obligor or from agreement or dealings between ECN and any third party by which the Obligor now is or hereafter may become indebted or liable to ECN or however otherwise arising and whether the Obligor be bound alone or with another or others and whether as principal or surety or guarantor, and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several.
2. ECN may increase, reduce, discontinue or otherwise vary the Obligor's credit, grant time, renewals, extension, releases and discharges to, take and give up security (which may include other guarantees), and otherwise deal with the Obligor or others or from the sale or other disposal of security upon such part of the Obligor's liability as ECN may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of ECN against the Obligor or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be continuing security for payment by the Obligor to ECN of all the indebtedness and liability aforesaid.
4. ECN shall not be bound to exhaust its recourse against the Obligor or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of security received by ECN from the Obligor or others, whether occasioned through the fault of ECN or otherwise, shall not discharge or limit the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Obligor, or, if the Obligor is a partnership, any change or changes in the membership of the Obligor's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Obligor.
7. All monies, advances, renewals and credits borrowed or obtained from ECN shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Obligor or the directors, partners or agents thereof, or that the Obligor may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to ECN after demand thereof by ECN.
8. Any account settled or stated by or between ECN and the Obligor shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Obligor to ECN is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Obligor's indebtedness and liabilities have been paid in full. If ECN should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Obligor or the Obligor's estate until ECN's claims against the Obligor have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Obligor (whether voluntary or compulsory) or in the event that the Obligor shall make a bulk sale of any of the Obligor's assets within the bulk transfer provisions of any applicable legislation, or shall make any compromise with creditors or scheme of arrangement, ECN shall have the right to rank for its full claim and receive dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to ECN by the Obligor.
10. Any notice or demand which ECN may wish to give may be served on the Guarantor either personally on the Guarantor or the Guarantor's legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same by registered mail in an envelope addressed to the last known address of the Guarantor to be served as it appears on ECN's records and the notice so sent shall be deemed to be received on the second business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Obligor to ECN, the Guarantor hereby grants to ECN a security interest in all debts and liabilities, present and future, of the Obligor to the Guarantor, all of which are hereby assigned by the Guarantor to ECN and postponed to the present and future debts and liabilities of the Obligor to ECN. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to ECN, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may, at the option of ECN, be severed therefrom. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from ECN a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this agreement.

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

- 12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Obligor to ECN then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until ECN has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default ECN may maintain an action upon this guarantee whether or not the Obligor is joined therein or separate action is brought against the Obligor or judgment obtained against the Guarantor. ECN's rights are cumulative and shall not be exhausted by the exercise of any number of successive actions until and unless all indebtedness and liability guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
- 13. The Guarantor shall pay to ECN on demand (in addition to all debts and liabilities of the Obligor hereby guaranteed) all costs, charges and expenses (including without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by ECN for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by ECN of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate equal to 3% above the rate published by The Bank of Nova Scotia from time to time as The Bank of Nova Scotia's prime lending rate. A statement signed by an officer of ECN confirmed as The Bank of Nova Scotia's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
- 14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by ECN. Without limiting the generality of the foregoing, all limits and evidence of the liability pursuant to any guarantee now or hereafter held by ECN shall be cumulative.
- 15. There are no representations, warranties, collateral agreement or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof of any other proposed or intended signatory or signatories.
- 16. This instrument shall be construed in accordance with the laws of the province of residence of the Guarantor, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the course of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit ECN's right to bring proceedings against the Guarantor elsewhere.
- 17. This instrument shall extend to and enure to the benefit of the successor's and assigns of ECN and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

Given under seal at Toronto this 27 day of March, 2017.

Guarantor: 2275518 ONTARIO INC.

X 

Name: Grace Diena
Title: Director

CERTIFICATE OF OFFICER

The undersigned, Grace Diena, Director of 2275518 Ontario Inc. (the "Corporation") hereby certifies to ECN Financial Inc, its successors and assigns, that the foregoing Guarantee and all ancillary documents (the "Agreements") were approved and executed by Grace Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on March 27, 2017, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

2275518 ONTARIO INC.

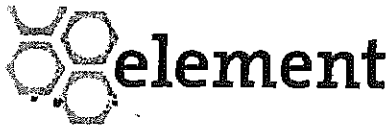
Signature: X 

Name: Grace Diena
Title: Director

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

For value received the undersigned M. BLACHER DRUGS LTD. (the "Guarantor") hereby guarantees to ELEMENT FINANCIAL INC ("Element") payment, forthwith after demand made therefore as hereinafter provided, of all indebtedness and liability (past, present and future, direct or indirect, absolute or contingent, matured or not) of 2345760 Ontario Inc. as ("the Obligor") to Element whether arising from the agreement or dealings between Element and the Obligor or from agreement or dealings between Element and any third party by which the Obligor now is or hereafter may become indebted or liable to Element or however otherwise arising and whether the Obligor be bound alone or with another or others and whether as principal or surety or guarantor, and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several.
2. Element may increase, reduce, discontinue or otherwise vary the Obligor's credit, grant time, renewals, extension, releases and discharges to, take and give up security (which may include other guarantees), and otherwise deal with the Obligor or others or from the sale or other disposal of security upon such part of the Obligor's liability as Element may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of Element against the Obligor or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be continuing security for payment by the Obligor to Element of all the indebtedness and liability aforesaid.
4. Element shall not be bound to exhaust its recourse against the Obligor or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of security received by Element from the Obligor or others, whether occasioned through the fault of Element or otherwise, shall not discharge or limit the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Obligor, or, if the Obligor is a partnership, any change or changes in the membership of the Obligor's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Obligor.
7. All monies, advances, renewals and credits borrowed or obtained from Element shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Obligor or the directors, partners or agents thereof, or that the Obligor may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to Element after demand thereof by Element.
8. Any account settled or stated by or between Element and the Obligor shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Obligor to Element is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Obligor's indebtedness and liabilities have been paid in full. If Element should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Obligor or the Obligor's estate until Element's claims against the Obligor have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Obligor (whether voluntary or compulsory) or in the event that the Obligor shall make a bulk sale of any of the Obligor's assets within the bulk transfer provisions of any applicable legislation, or shall make any compromise with creditors or scheme of arrangement, Element shall have the right to rank for its full claim and receive dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to Element by the Obligor.
10. Any notice or demand which Element may wish to give may be served on the Guarantor either personally on the Guarantor or the Guarantor's legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same by registered mail in an envelope addressed to the last known address of the Guarantor to be served as it appears on Element's records and the notice so sent shall be deemed to be received on the second business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Obligor to Element, the Guarantor hereby grants to Element a security interest in all debts and liabilities, present and future, of the Obligor to the Guarantor, all of which are hereby assigned by the Guarantor to Element and postponed to the present and future debts and liabilities of the Obligor to Element. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to Element, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may,



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Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

at the option of Element, be severed therefrom. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from Element a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this agreement.

- 12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Obligor to Element then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until Element has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default Element may maintain an action upon this guarantee whether or not the Obligor is joined therein or separate action is brought against the Obligor or judgment obtained against the Guarantor. Element's rights are cumulative and shall not be exhausted by the exercise of any number of successive actions until and unless all indebtedness and liability guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
- 13. The Guarantor shall pay to Element on demand (in addition to all debts and liabilities of the Obligor hereby guaranteed) all costs, charges and expenses (including without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by Element for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by Element of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate equal to 3% above the rate published by The Bank of Nova Scotia from time to time as The Bank of Nova Scotia's prime lending rate. A statement signed by an officer of Element confirmed as The Bank of Nova Scotia's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
- 14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by Element. Without limiting the generality of the foregoing, all limits and evidence of the liability pursuant to any guarantee now or hereafter held by Element shall be cumulative.
- 15. There are no representations, warranties, collateral agreement or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof of any other proposed or intended signatory or signatories.
- 16. This instrument shall be construed in accordance with the laws of the province of residence of the Guarantor, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the course of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit Element's right to bring proceedings against the Guarantor elsewhere.
- 17. This instrument shall extend to and enure to the benefit of the successor's and assigns of Element and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

Given under seal at Toronto this 20th day of February, 2016.

Guarantor: M. BLACHER DRUGS LTD.
 [Signature]
Name: D DIENA
Title: President

CERTIFICATE OF OFFICER

The undersigned, Michael Blacher, President of M. BLACHER DRUGS LTD. (the "Corporation") hereby certifies to Element Financial Inc, its successors and assigns, that the foregoing Guarantee and all ancillary documents (the "Agreements") were approved and executed by Michael Blacher acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on February 20th, 2016, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

M. BLACHER DRUGS LTD.
Signature: [Signature]
Name: AD DIENA
Title: President

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Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

For value received the undersigned 2501380 ONTARIO INC. (the "Guarantor") hereby guarantees to ELEMENT FINANCIAL INC ("Element") payment, forthwith after demand made therefore as hereinafter provided, of all indebtedness and liability (past, present and future, direct or indirect, absolute or contingent, matured or not) of 2345760 Ontario Inc. as ("the Obligor") to Element whether arising from the agreement or dealings between Element and the Obligor or from agreement or dealings between Element and any third party by which the Obligor now is or hereafter may become indebted or liable to Element or however otherwise arising and whether the Obligor be bound alone or with another or others and whether as principal or surety or guarantor, and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several.
2. Element may increase, reduce, discontinue or otherwise vary the Obligor's credit, grant time, renewals, extension, releases and discharges to, take and give up security (which may include other guarantees), and otherwise deal with the Obligor or others or from the sale or other disposal of security upon such part of the Obligor's liability as Element may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of Element against the Obligor or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be continuing security for payment by the Obligor to Element of all the indebtedness and liability aforesaid.
4. Element shall not be bound to exhaust its recourse against the Obligor or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of security received by Element from the Obligor or others, whether occasioned through the fault of Element or otherwise, shall not discharge or limit the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Obligor, or, if the Obligor is a partnership, any change or changes in the membership of the Obligor's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Obligor.
7. All monies, advances, renewals and credits borrowed or obtained from Element shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Obligor or the directors, partners or agents thereof, or that the Obligor may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to Element after demand thereof by Element.
8. Any account settled or stated by or between Element and the Obligor shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Obligor to Element is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Obligor's indebtedness and liabilities have been paid in full. If Element should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Obligor or the Obligor's estate until Element's claims against the Obligor have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Obligor (whether voluntary or compulsory) or in the event that the Obligor shall make a bulk sale of any of the Obligor's assets within the bulk transfer provisions of any applicable legislation, or shall make any compromise with creditors or scheme of arrangement, Element shall have the right to rank for its full claim and receive dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to Element by the Obligor.
10. Any notice or demand which Element may wish to give may be served on the Guarantor either personally on the Guarantor or the Guarantor's legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same by registered mail in an envelope addressed to the last known address of the Guarantor to be served as it appears on Element's records and the notice so sent shall be deemed to be received on the second business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Obligor to Element, the Guarantor hereby grants to Element a security interest in all debts and liabilities, present and future, of the Obligor to the Guarantor, all of which are hereby assigned by the Guarantor to Element and postponed to the present and future debts and liabilities of the Obligor to Element. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to Element, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may,



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at the option of Element, be severed therefrom. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from Element a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this agreement.

- 12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Obligor to Element then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until Element has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default Element may maintain an action upon this guarantee whether or not the Obligor is joined therein or separate action is brought against the Obligor or judgment obtained against the Guarantor. Element's rights are cumulative and shall not be exhausted by the exercise of any number of successive actions until and unless all indebtedness and liability guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
- 13. The Guarantor shall pay to Element on demand (in addition to all debts and liabilities of the Obligor hereby guaranteed) all costs, charges and expenses (including without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by Element for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by Element of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate equal to 3% above the rate published by The Bank of Nova Scotia from time to time as The Bank of Nova Scotia's prime lending rate. A statement signed by an officer of Element confirmed as The Bank of Nova Scotia's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
- 14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by Element. Without limiting the generality of the foregoing, all limits and evidence of the liability pursuant to any guarantee now or hereafter held by Element shall be cumulative.
- 15. There are no representations, warranties, collateral agreement or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof of any other proposed or intended signatory or signatories.
- 16. This instrument shall be construed in accordance with the laws of the province of residence of the Guarantor, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the course of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit Element's right to bring proceedings against the Guarantor elsewhere.
- 17. This instrument shall extend to and enure to the benefit of the successor's and assigns of Element and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

Given under seal at Toronto this 21st day of February, 2016.

Guarantor: 2501380 ONTARIO INC.
X Diana

Name: Dani Diana
Title: Director

CERTIFICATE OF OFFICER

The undersigned, Dani Diana, Director of 2501380 ONTARIO INC. (the "Corporation") hereby certifies to Element Financial Inc, its successors and assigns, that the foregoing Guarantee and all ancillary documents (the "Agreements") were approved and executed by Dani Diana acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on February 21st, 2016, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

2501380 ONTARIO INC.
Signature: X Diana

Name: Dani Diana
Title: Director



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GUARANTEE

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

For value received the undersigned 2527218 ONTARIO INC. (the "Guarantor") hereby guarantees to ELEMENT FINANCIAL INC ("Element") payment, forthwith after demand made therefore as hereinafter provided, of all indebtedness and liability (past, present and future, direct or indirect, absolute or contingent, matured or not) of 2345760 Ontario Inc. as ("the Obligor") to Element whether arising from the agreement or dealings between Element and the Obligor or from agreement or dealings between Element and any third party by which the Obligor now is or hereafter may become indebted or liable to Element or however otherwise arising and whether the Obligor be bound alone or with another or others and whether as principal or surety or guarantor, and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several.
2. Element may increase, reduce, discontinue or otherwise vary the Obligor's credit, grant time, renewals, extension, releases and discharges to, take and give up security (which may include other guarantees), and otherwise deal with the Obligor or others or from the sale or other disposal of security upon such part of the Obligor's liability as Element may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of Element against the Obligor or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be continuing security for payment by the Obligor to Element of all the indebtedness and liability aforesaid.
4. Element shall not be bound to exhaust its recourse against the Obligor or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of security received by Element from the Obligor or others, whether occasioned through the fault of Element or otherwise, shall not discharge or limit the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Obligor, or, if the Obligor is a partnership, any change or changes in the membership of the Obligor's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Obligor.
7. All monies, advances, renewals and credits borrowed or obtained from Element shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Obligor or the directors, partners or agents thereof, or that the Obligor may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to Element after demand thereof by Element.
8. Any account settled or stated by or between Element and the Obligor shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Obligor to Element is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Obligor's indebtedness and liabilities have been paid in full. If Element should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Obligor or the Obligor's estate until Element's claims against the Obligor have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Obligor (whether voluntary or compulsory) or in the event that the Obligor shall make a bulk sale of any of the Obligor's assets within the bulk transfer provisions of any applicable legislation, or shall make any compromise with creditors or scheme of arrangement, Element shall have the right to rank for its full claim and receive dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to Element by the Obligor.
10. Any notice or demand which Element may wish to give may be served on the Guarantor either personally on the Guarantor or the Guarantor's legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same by registered mail in an envelope addressed to the last known address of the Guarantor to be served as it appears on Element's records and the notice so sent shall be deemed to be received on the second business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Obligor to Element, the Guarantor hereby grants to Element a security interest in all debts and liabilities, present and future, of the Obligor to the Guarantor, all of which are hereby assigned by the Guarantor to Element and postponed to the present and future debts and liabilities of the Obligor to Element. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to Element, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may,



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GUARANTEE

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at the option of Element, be severed therefrom. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from Element a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this agreement.

- 12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Obligor to Element then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until Element has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default Element may maintain an action upon this guarantee whether or not the Obligor is joined therein or separate action is brought against the Obligor or judgment obtained against the Guarantor. Element's rights are cumulative and shall not be exhausted by the exercise of any number of successive actions until and unless all indebtedness and liability guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
- 13. The Guarantor shall pay to Element on demand (in addition to all debts and liabilities of the Obligor hereby guaranteed) all costs, charges and expenses (including without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by Element for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by Element of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate equal to 3% above the rate published by The Bank of Nova Scotia from time to time as The Bank of Nova Scotia's prime lending rate. A statement signed by an officer of Element confirmed as The Bank of Nova Scotia's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
- 14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by Element. Without limiting the generality of the foregoing, all limits and evidence of the liability pursuant to any guarantee now or hereafter held by Element shall be cumulative.
- 15. There are no representations, warranties, collateral agreement or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof of any other proposed or intended signatory or signatories.
- 16. This instrument shall be construed in accordance with the laws of the province of residence of the Guarantor, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the course of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit Element's right to bring proceedings against the Guarantor elsewhere.
- 17. This instrument shall extend to and enure to the benefit of the successor's and assigns of Element and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

Given under seal at Toronto this 12 day of September, 2016.

Guarantor: 2527218 ONTARIO INC.

x *Diana*

Name: Daniel Diana
Title: Director

CERTIFICATE OF OFFICER

The undersigned, Daniel Diana, Director of 2527218 Ontario Inc. (the "Corporation") hereby certifies to Element Financial Inc, its successors and assigns, that the foregoing Guarantee and all ancillary documents (the "Agreements") were approved and executed by Daniel Diana acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on September 12, 2016, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

2527218 ONTARIO INC.

Signature: x *Diana*

Name: Daniel Diana
Title: Director

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Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

For value received the undersigned DUMOPHARM INC. (the "Guarantor") hereby guarantees to ECN FINANCIAL INC ("ECN") payment, forthwith after demand made therefore as hereinafter provided, of all indebtedness and liability (past, present and future, direct or indirect, absolute or contingent, matured or not) of 2345760 Ontario Inc. as ("the Obligor") to ECN whether arising from the agreement or dealings between ECN and the Obligor or from agreement or dealings between ECN and any third party by which the Obligor now is or hereafter may become indebted or liable to ECN or however otherwise arising and whether the Obligor be bound alone or with another or others and whether as principal or surety or guarantor, and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several.
2. ECN may increase, reduce, discontinue or otherwise vary the Obligor's credit, grant time, renewals, extension, releases and discharges to, take and give up security (which may include other guarantees), and otherwise deal with the Obligor or others or from the sale or other disposal of security upon such part of the Obligor's liability as ECN may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of ECN against the Obligor or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be continuing security for payment by the Obligor to ECN of all the indebtedness and liability aforesaid.
4. ECN shall not be bound to exhaust its recourse against the Obligor or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of security received by ECN from the Obligor or others, whether occasioned through the fault of ECN or otherwise, shall not discharge or limit the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Obligor, or, if the Obligor is a partnership, any change or changes in the membership of the Obligor's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Obligor.
7. All monies, advances, renewals and credits borrowed or obtained from ECN shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Obligor or the directors, partners or agents thereof, or that the Obligor may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to ECN after demand thereof by ECN.
8. Any account settled or stated by or between ECN and the Obligor shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Obligor to ECN is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Obligor's indebtedness and liabilities have been paid in full. If ECN should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Obligor or the Obligor's estate until ECN's claims against the Obligor have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Obligor (whether voluntary or compulsory) or in the event that the Obligor shall make a bulk sale of any of the Obligor's assets within the bulk transfer provisions of any applicable legislation, or shall make any compromise with creditors or scheme of arrangement, ECN shall have the right to rank for its full claim and receive dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to ECN by the Obligor.
10. Any notice or demand which ECN may wish to give may be served on the Guarantor either personally on the Guarantor or the Guarantor's legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same by registered mail in an envelope addressed to the last known address of the Guarantor to be served as it appears on ECN's records and the notice so sent shall be deemed to be received on the second business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Obligor to ECN, the Guarantor hereby grants to ECN a security interest in all debts and liabilities, present and future, of the Obligor to the Guarantor, all of which are hereby assigned by the Guarantor to ECN and postponed to the present and future debts and liabilities of the Obligor to ECN. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to ECN, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may, at the option of ECN, be severed therefrom. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from ECN a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this agreement.

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- 12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Obligor to ECN then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until ECN has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default ECN may maintain an action upon this guarantee whether or not the Obligor is joined therein or separate action is brought against the Obligor or judgment obtained against the Guarantor. ECN's rights are cumulative and shall not be exhausted by the exercise of any number of successive actions until and unless all indebtedness and liability guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
- 13. The Guarantor shall pay to ECN on demand (in addition to all debts and liabilities of the Obligor hereby guaranteed) all costs, charges and expenses (including without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by ECN for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by ECN of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate equal to 3% above the rate published by The Bank of Nova Scotia from time to time as The Bank of Nova Scotia's prime lending rate. A statement signed by an officer of ECN confirmed as The Bank of Nova Scotia's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
- 14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by ECN. Without limiting the generality of the foregoing, all limits and evidence of the liability pursuant to any guarantee now or hereafter held by ECN shall be cumulative.
- 15. There are no representations, warranties, collateral agreement or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof of any other proposed or intended signatory or signatories.
- 16. This instrument shall be construed in accordance with the laws of the province of residence of the Guarantor, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the course of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit ECN's right to bring proceedings against the Guarantor elsewhere.
- 17. This instrument shall extend to and enure to the benefit of the successor's and assigns of ECN and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

Given under seal at Toronto this 27 day of March, 2017.

Guarantor: DUMOPHARM INC.
 X [Signature]
 Name: Dani Diena
 Title: Director

CERTIFICATE OF OFFICER

The undersigned, Dani Diena, Director of Dumopharm Inc. (the "Corporation") hereby certifies to ECN Financial Inc, its successors and assigns, that the foregoing Guarantee and all ancillary documents (the "Agreements") were approved and executed by Dani Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on March 27, 2017, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

DUMOPHARM INC.
 Signature: X [Signature]
 Name: Dani Diena
 Title: Director

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For value received the undersigned 2527475 ONTARIO INC. (the "Guarantor") hereby guarantees to ELEMENT FINANCIAL INC ("Element") payment, forthwith after demand made therefore as hereinafter provided, of all indebtedness and liability (past, present and future, direct or indirect, absolute or contingent, matured or not) of 2345760 Ontario Inc. as ("the Obligor") to Element whether arising from the agreement or dealings between Element and the Obligor or from agreement or dealings between Element and any third party by which the Obligor now is or hereafter may become indebted or liable to Element or however otherwise arising and whether the Obligor be bound alone or with another or others and whether as principal or surety or guarantor, and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several.
2. Element may increase, reduce, discontinue or otherwise vary the Obligor's credit, grant time, renewals, extension, releases and discharges to, take and give up security (which may include other guarantees), and otherwise deal with the Obligor or others or from the sale or other disposal of security upon such part of the Obligor's liability as Element may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of Element against the Obligor or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be continuing security for payment by the Obligor to Element of all the indebtedness and liability aforesaid.
4. Element shall not be bound to exhaust its recourse against the Obligor or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of security received by Element from the Obligor or others, whether occasioned through the fault of Element or otherwise, shall not discharge or limit the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Obligor, or, if the Obligor is a partnership, any change or changes in the membership of the Obligor's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Obligor.
7. All monies, advances, renewals and credits borrowed or obtained from Element shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Obligor or the directors, partners or agents thereof, or that the Obligor may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to Element after demand thereof by Element.
8. Any account settled or stated by or between Element and the Obligor shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Obligor to Element is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Obligor's indebtedness and liabilities have been paid in full. If Element should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Obligor or the Obligor's estate until Element's claims against the Obligor have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Obligor (whether voluntary or compulsory) or in the event that the Obligor shall make a bulk sale of any of the Obligor's assets within the bulk transfer provisions of any applicable legislation, or shall make any compromise with creditors or scheme of arrangement, Element shall have the right to rank for its full claim and receive dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to Element by the Obligor.
10. Any notice or demand which Element may wish to give may be served on the Guarantor either personally on the Guarantor or the Guarantor's legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same by registered mail in an envelope addressed to the last known address of the Guarantor to be served as it appears on Element's records and the notice so sent shall be deemed to be received on the second business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Obligor to Element, the Guarantor hereby grants to Element a security interest in all debts and liabilities, present and future, of the Obligor to the Guarantor, all of which are hereby assigned by the Guarantor to Element and postponed to the present and future debts and liabilities of the Obligor to Element. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to Element, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may,



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GUARANTEE

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at the option of Element, be severed therefrom. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from Element a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this agreement.

- 12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Obligor to Element then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until Element has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default Element may maintain an action upon this guarantee whether or not the Obligor is joined therein or separate action is brought against the Obligor or judgment obtained against the Guarantor. Element's rights are cumulative and shall not be exhausted by the exercise of any number of successive actions until and unless all indebtedness and liability guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
- 13. The Guarantor shall pay to Element on demand (in addition to all debts and liabilities of the Obligor hereby guaranteed) all costs, charges and expenses (including without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by Element for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by Element of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate equal to 3% above the rate published by The Bank of Nova Scotia from time to time as The Bank of Nova Scotia's prime lending rate. A statement signed by an officer of Element confirmed as The Bank of Nova Scotia's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
- 14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by Element. Without limiting the generality of the foregoing, all limits and evidence of the liability pursuant to any guarantee now or hereafter held by Element shall be cumulative.
- 15. There are no representations, warranties, collateral agreement or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof of any other proposed or intended signatory or signatories.
- 16. This instrument shall be construed in accordance with the laws of the province of residence of the Guarantor, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the course of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit Element's right to bring proceedings against the Guarantor elsewhere.
- 17. This instrument shall extend to and enure to the benefit of the successor's and assigns of Element and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

Given under seal at Toronto this 12 day of September, 2016.

Guarantor: 2527475 ONTARIO INC.

X

Name: Daniel Diena
Title: Director

CERTIFICATE OF OFFICER

The undersigned, Daniel Diena, Director of 2527475 ONTARIO INC. (the "Corporation") hereby certifies to Element Financial Inc, its successors and assigns, that the foregoing Guarantee and all ancillary documents (the "Agreements") were approved and executed by Daniel Diena acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on September 12, 2016, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

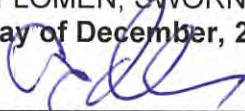
2527475 ONTARIO INC.

Signature: X

Name: Daniel Diena
Title: Director

Tab I

**This is Exhibit "I" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

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THIS AGREEMENT made as of this 29 day of March, 2017

BY Rando Drugs Ltd., a corporation incorporated under the laws of Ontario (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst St., Toronto, Ontario, M3H 5Y8

ISSUED IN FAVOUR OF: ECN FINANCIAL INC ("ECN")

WHEREAS the Debtor has agreed to provide a guarantee of the obligations of 2345760 Ontario Inc. to ECN

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all its obligations to ECN, the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements here in contained the debtor agrees with ECN as follows:

ARTICLE ONE - INTERPRETATION

1.01 Interpretation

1. In this Agreement, unless something in the subject matter or context is inconsistent therewith,
 - (a) "Agreement" means this General Security Agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;
 - (b) "Collateral" has the meaning attributed thereto in Section 2.01, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;
 - (c) "Obligations" mean all obligations of the Debtor to ECN including, without limiting the generality of the foregoing, all debts, liabilities, and indebtedness, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to ECN or remaining unpaid by the Debtor to ECN and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between ECN and the Debtor or from other dealings or proceedings by which ECN may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, and other costs, charges and expenses;
 - (d) "Receiver" means any of a receiver or receiver and manager appointed by ECN pursuant to this Agreement;
 - (e) "Guarantor" means any guarantor of the Obligations; and
 - (f) the terms "accession", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meaning given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.
2. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.
3. In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

ARTICLE TWO - GRANT OF SECURITY

2.01 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to ECN a security interest in the present and future undertaking and property, both real and personal, and wherever located, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns

the Collateral to ECN and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to ECN. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, or be entitled to in all property of the following kinds:

- (a) Accounts receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
 - (b) Inventory: all inventory or whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
 - (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not inventory (collectively, the "Equipment");
 - (d) Chattel Paper: all chattel paper;
 - (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
 - (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments;
 - (g) Intangibles: all intangibles not described in Section 2.01(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
 - (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
 - (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.01(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including without limitation, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
 - (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.01(a) to (i) inclusive;
 - (k) Proceeds: all proceeds to the property described in Sections 2.01(a) to (i) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property; and
 - (l) All property described in schedule(s) now or hereafter attached hereto.
- 2.02 In addition, the Debtor hereby charges in favour of ECN, as and by way of a floating charge, its undertaking and all property and assets, real and personal, movable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Debtor now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to the specific mortgage and charge and subject to the exceptions hereinafter contained);
- 2.03 Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:

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- (a) any consumer goods;
- (b) the last day of the term of any lease or any agreement for lease of real property now held or hereafter acquired by the Debtor, but should ECN enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust for ECN and shall assign the same as ECN shall direct; or
- (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a part or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for ECN and shall assign such contractual rights to ECN forthwith upon obtaining the consent of the other party thereto or as directed by ECN. The Debtor agrees that it shall, upon the request of ECN, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage and charge granted hereby.
- 2.04 Property in and title to any item of Collateral supplied to the Debtor by ECN, or the acquisition of which has been financed by ECN, shall remain in ECN until the full purchase price of such item, together with interest, financing charges and other charges in respect thereof from time to time in effect, shall have been paid in full. Receipt by ECN of any instrument of or endorsed by the Debtor shall not constitute payment until ECN receives in cash the full amount thereof. Risk of loss of each item of Collateral supplied by ECN shall pass to the Debtor upon delivery thereof to the Debtor.
- ARTICLES THREE - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR**
- 3.01 Representations and Warranties**
- The Debtor hereby represents and warrants to ECN that:
- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, by-laws or other constituting documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party by or which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to ECN is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to ECN;
- (c) except as otherwise provided herein or disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others which rank prior to or pari passu with the security interest, assignment, mortgage and charge granted hereby; and
- (d) the Debtor's chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than Inventory in transit) is that given in Section 7.06 of this Agreement, except as otherwise provided herein or disclosed in any schedule(s) hereto.
- 3.02 Covenants**
- The Debtor covenants with ECN that:
- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of ECN;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests;
- (e) it shall not change its chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than Inventory in transit) from the locations specified in Section 3.01(d), without the prior written consent of ECN;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall deliver to ECN, when required, the receipts and vouchers establishing such payment;
- (g) it shall keep proper books of account in accordance with sound accounting practice, shall furnish to ECN any financial and personal information of the Debtor and any Guarantor as ECN may from time to time require and it shall permit ECN or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (h) it shall from time to time forthwith at the request of ECN furnish to ECN in writing all information required relating to the Collateral (including without limitation, descriptions of all motor vehicles and other "serial number" goods), and ECN shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes ECN shall have access to all premises occupied by the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (i) it shall not change its name or, if the Debtor is a corporation, shall not amalgamate with any other corporation without first giving notice to ECN of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
- (j) it shall pay to ECN forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of ECN in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage and charge granted hereby and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.
- 3.03 The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear expected, and ECN may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary and the cost of such inspection and repairs shall be payable by the Debtor to ECN upon demand.
- 3.04 If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by ECN, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to ECN and, if requested by ECN, will cause such securities included in the Collateral to be registered in ECN's name so that ECN may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and ECN will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of ECN's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor waives all right to receive any such distribution after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by ECN to the Debtor or its order as aforesaid shall be effective from and after the occurrence of an Event of Default, and upon the occurrence of an Event of Default the Debtor shall immediately surrender any such proxy to ECN.
- 3.05 All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by ECN and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of

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ECN and any disposition or payment of the Obligations until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

ARTICLE FOUR - INSURANCE

4.01 INSURANCE

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral in any amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to ECN. If any such policies of insurance contain a co-insurance clause, the Debtor shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies shall name ECN as an additional insured and as a first loss payee thereof, as ECN's interests may appear, and shall contain a clause requiring the insurer to give ECN at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation or intended cancellation thereof. At ECN's request, the Debtor shall furnish ECN with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to ECN that such insurance coverage is in effect, provided, however, that ECN shall be under no duty to either ascertain the existence of or to examine such insurance policy or to advise the Debtor in the event such insurance coverage shall not comply with the requirements hereof. The Debtor shall give ECN notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, ECN shall have the right, but not the obligation, without notice to or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforcement of this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by ECN in performing such obligations shall be immediately due and payable to the Debtor and, until paid, such amounts shall be added to and form part of the Obligations secured hereunder. The Debtor will, at its expense, make all proofs of loss and take all other steps necessary to recover insurance benefits unless advised in writing by ECN that ECN desires so to do at the Debtor's expense. If the Debtor fails to recover the insurance benefits within a reasonable time or if ECN notifies the Debtor in writing of ECN's desire to recover such insurance benefits directly, then the Debtor hereby appoints ECN, with full power of substitution, as the Debtor's lawful attorney for all such purposes, including the execution and endorsement of all documents, cheques or drafts for loss or damage under any applicable insurance policies. Proceeds of the insurance shall at the option of ECN be disbursed by ECN against satisfactory invoices for repair or replacement of the Collateral, or be retained by ECN for application against the Obligations, and if the proceeds received are less than the loss value of the Collateral lost, the Debtor shall immediately pay to ECN the amount of such deficiency. The total or partial loss of the Collateral or its use or possession shall not relieve the Debtor from its Obligations.

ARTICLE FIVE - DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor shall not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of ECN, except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage and charge granted hereby and, subject to Section 5.02, collect Receivables in the ordinary course of its business.

5.02 Notification of Account Debtors

Before or after an Event of Default occurs, ECN may give notice of this Agreement and the security granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to ECN. Any payments or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by ECN shall be held by the Debtor in trust for ECN and paid over to ECN on request.

5.03 Application of Funds

Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ECN in respect of the Collateral may be applied on account of such parts of the Obligations as ECN in its sole discretion may determine, or may be held unappropriated in a collateral account, or in the discretion of ECN may be released to the Debtor, all without prejudice to ECN's rights against the Debtor.

ARTICLE SIX - DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor shall be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor fails to pay to ECN all or any part of the Obligations when due;
- (b) the Debtor fails to observe or perform any covenant or other obligation of the Debtor contained in this Agreement (other than a covenant or obligation specifically dealt with elsewhere in this Section 6.01);
- (c) any representation or warranty made by the Debtor or any Guarantor to ECN in connection with the entering into of this Agreement or any statement in any document, agreement or certificate furnished at any time to ECN in connection herewith proves to have been untrue, incorrect or misleading when made or furnished;
- (d) the Debtor, any Guarantor or any affiliate thereof is in default under any other agreement or obligation now existing or hereinafter entered into with ECN or any affiliate of ECN whether any of Debtor, such Guarantor or such affiliate is bound alone or with others;
- (e) the Debtor or any Guarantor ceases or threatens to cease to carry on the business currently being carried on by it or disposes of all or substantially all of its property;
- (f) the Debtor or any Guarantor becomes insolvent (within the meaning of the Bankruptcy and Insolvency Act) or commits or threatens to commit an act of bankruptcy or if a petition in bankruptcy, proposal, arrangement or reorganization under the Bankruptcy and Insolvency Act, Winding-up and Restructuring Act or Companies' Creditors Arrangement Act is filed by or against the Debtor or any Guarantor or if a trustee, receiver or receiver-manager or other similar official is appointed for Debtor or any Guarantor or a substantial part of Debtor's or any Guarantor's property;
- (g) if Debtor is a corporation, there is any change in its effective control without ECN's prior written consent;
- (h) the Collateral or any part thereof is seized, forfeited or confiscated or otherwise attached by anyone pursuant to any legal process or other means;
- (i) an encumbrancer or any other party takes possession of a substantial part of the Debtor's or any Guarantor's property;
- (j) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the security interest, assignment, mortgage or charge granted by this Agreement;
- (k) ECN believes in good faith that the payment of the Obligations or the performance or observance of any covenant herein is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process or otherwise; or
- (l) Debtor or any Guarantor dies or becomes mentally incompetent, if an individual, or is dissolved, or amalgamated or wound up if Debtor or such Guarantor is a corporation.

6.02 Remedies

1. Upon the occurrence of any Event of Default and at any time thereafter, ECN shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively and all of which may be exercised by ECN directly or through agents or nominees:
 - (a) any or all of the Obligations shall at the option of ECN become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of ECN to make further advances to the Debtor shall cease;

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- and any or all security granted hereby shall, at the option of ECN, become immediately enforceable;
- (b) ECN may appoint any person to be a Receiver of the Debtor or any or all of the Collateral and may remove any Receiver so appointed and appoint another if ECN so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all the powers as may be provided for in the instrument of appointment or any supplemental instrument, as well as all the powers of ECN hereunder, and in addition, shall have the power to carry on the business of the Debtor;
 - (c) ECN may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to ECN at such place or places as may be specified by ECN;
 - (d) ECN may carry on or concur in the carrying on of all or any part of the business of the Debtor;
 - (e) ECN may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
 - (f) ECN may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as ECN may determine and without notice to the Debtor unless required by law;
 - (g) ECN may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
 - (h) ECN may apply to a court of competent jurisdiction for the appointment of a receiver or a receiver and manager of the Debtor or of any or all of the Collateral; and
 - (i) ECN may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral.
2. The Debtor further agrees with ECN that:
- (a) ECN shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Collateral or for the purpose of preserving any rights of ECN, the Debtor or any other person in respect of the Collateral;
 - (b) ECN may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as ECN may see fit without prejudice to the liability of the Debtor to ECN or ECN's rights hereunder;
 - (c) To facilitate the realization of the Collateral, ECN may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as ECN requires, free of charge, and ECN shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (d) ECN may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured; and
 - (e) Any process of realization of the Collateral may be applied by ECN to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement and any balance of such proceeds shall be applied by ECN to payment of the Obligations in such order as ECN may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom ECN has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall be liable to pay any deficiency to ECN forthwith on demand.
3. If Debtor is a medical practitioner, dentist or pharmacist, then and only then, Debtor further agrees, in addition to and not in lieu of any of the foregoing:
- (a) to deliver the Books and Records described in Section 2.01(i), upon the request of ECN, to an individual designated by ECN who is qualified and licensed to carry on his/her Practice (as defined below); and
 - (b) not to carry on a Practice or attempt to contrive to carry on his/her Practice, directly or indirectly, individually or in partnership or for a corporation as principal, agent, director or officer or in any other manner whatsoever or permit his/her name to be used or employed in any Practice, without the written consent of ECN, for:
 - i. a period of time of three years (or, if such period of time is not permitted by applicable law, the longest period of time that is permitted by applicable law), from the date of the Event of Default, and
 - ii. a geographic area that is within a 5 kilometre radius (or, if such geographic area is not permitted by applicable law, the largest geographical area that is permitted by applicable law) of the premises at which the Debtor's Practice was carried out prior to the Event of Default.
- For a medical practitioner or dentist, "Practice" means practicing the prevention, diagnosis, treatment of medical diseases and injuries and malfunctions of the teeth, jaws and mouth, and for a pharmacist, "Practice" means the preparation and dispensing of pharmaceuticals.

ARTICLE SEVEN - GENERAL

7.01 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of ECN. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, and their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.02 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ECN with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between ECN and the Debtor except as expressly set forth herein.

7.03 No Waiver

No delay or failure by ECN in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.05 Further Assistance

The Debtor will from time to time forthwith at the request of ECN and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements, schedules and further assignments, transfers, documents, acts, matters, things and assurances as may be reasonably required by ECN to effectively carry out the full intent and meaning of this Agreement or to better evidence, perfect and preserve the security interest, assignment, mortgage and charge granted hereby. The Debtor hereby irrevocably constitutes and appoints ECN, or any Receiver appointed by a court of competent jurisdiction or ECN, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever ECN or any such Receiver may consider it to be necessary or desirable, and the Debtor agrees to ratify and confirm all such acts of the said attorney lawfully done. The Debtor shall pay all costs for searches and

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filings in connection with the registration, perfection and continuation of the security granted hereunder.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by facsimile transmission, addressed to the recipient as follows:

- (c) To the Debtor:
Rando Drugs Ltd.
200-4256 Bathurst Street
Toronto, Ontario
M3H 5Y8

Fax No.: _____

- (d) To ECN FINANCIAL INC:
4 Robert Speck Pkwy, Ste 900
Mississauga, Ontario L4Z 1S1
Fax No.: (888) 772-8129

or such other address, facsimile number or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system and might affect the delivery of mail, any such demand, notice or other communication shall not be mailed by shall be given by personal delivery or by facsimile transmission.

7.07 Modification

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties. The rights of ECN under this Agreement may be assigned by ECN without the consent of the Debtor, free of any set-off, counter-claim or equities between the Debtor and ECN, and the Debtor shall not assert against any assignee of ECN any claim or defence that the Debtor has

against ECN. The Debtor may not assign its obligations under this Agreement.

7.08 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by ECN and this Agreement is a continuing agreement and the security shall remain in full force and effect until discharged by ECN.

7.09 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by ECN.

7.10 Governing Law

This Agreement shall, for the purpose of determining the validity and enforceability of ECN's security interest in the Collateral and its remedies upon a default, be governed by and construed in accordance with the laws of the jurisdiction where (i) the Debtor is located with respect to that part of the Collateral that is inventory leased or held for lease to others or Collateral that is an intangible or Collateral that is normally used in more than one jurisdiction; and (ii) the laws of the jurisdiction where the Collateral is located in all other cases. For all other purposes, this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

7.11 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted by law, hereby waives and renounces such right and exonerates ECN from the obligation to provide such copies or verification statements thereto.

7.12 Attachment

The Debtor confirms that value has been given by ECN to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ECN have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created by this Agreement to any of the Collateral. The security interest, assignment, mortgage and charge created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige ECN to advance any funds or any additional funds.

**RANDO DRUGS LTD.
(DEBTOR)**

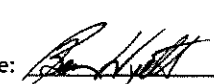
I have authority to bind the corporation

Signature:  _____

Name: Grace Diera

Title: Director

**ECN FINANCIAL INC
(ECN)**

Signature:  _____

Name: Ben Wyatt

Title: Vice-President, Operations




GENERAL SECURITY AGREEMENT

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
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CERTIFICATE OF OFFICER

The undersigned, Grace Diena, Director of Rando Drugs Ltd. (the "Corporation") hereby certifies to ECN Financial Inc, its successors and assigns, that the foregoing General Security Agreement and all ancillary documents (the "Agreements") were approved and executed by Grace Diena, acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on March 29, 2017, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

RANDO DRUGS LTD.

Signature: X  _____

Name: Grace Diena

Title: Director

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THIS AGREEMENT made as of this 29 day of March, 2017

BY 2275518 Ontario Inc., a corporation incorporated under the laws of Ontario (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst St., Toronto, Ontario, M3H 5Y8

ISSUED IN FAVOUR OF: ECN FINANCIAL INC ("ECN")

WHEREAS the Debtor has agreed to provide a guarantee of the obligations of 2345760 Ontario Inc. to ECN

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all its obligations to ECN, the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements here in contained the debtor agrees with ECN as follows:

ARTICLE ONE - INTERPRETATION

1.01 Interpretation

1. In this Agreement, unless something in the subject matter or context is inconsistent therewith,
 - (a) "Agreement" means this General Security Agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;
 - (b) "Collateral" has the meaning attributed thereto in Section 2.01, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;
 - (c) "Obligations" mean all obligations of the Debtor to ECN including, without limiting the generality of the foregoing, all debts, liabilities, and indebtedness, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to ECN or remaining unpaid by the Debtor to ECN and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between ECN and the Debtor or from other dealings or proceedings by which ECN may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, and other costs, charges and expenses;
 - (d) "Receiver" means any of a receiver or receiver and manager appointed by ECN pursuant to this Agreement;
 - (e) "Guarantor" means any guarantor of the Obligations; and
 - (f) the terms "accession", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meaning given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.
2. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.
3. In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

ARTICLE TWO - GRANT OF SECURITY

2.01 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to ECN a security interest in the present and future undertaking and property, both real and personal, and wherever located, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns

- the Collateral to ECN and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to ECN. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, or be entitled to in all property of the following kinds:
- (a) Accounts receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
 - (b) Inventory: all inventory or whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
 - (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not inventory (collectively, the "Equipment");
 - (d) Chattel Paper: all chattel paper;
 - (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
 - (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments;
 - (g) Intangibles: all intangibles not described in Section 2.01(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
 - (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
 - (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.01(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including without limitation, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
 - (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.01(a) to (i) inclusive;
 - (k) Proceeds: all proceeds to the property described in Sections 2.01(a) to (i) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property; and
 - (l) All property described in schedule(s) now or hereafter attached hereto.
- 2.02 In addition, the Debtor hereby charges in favour of ECN, as and by way of a floating charge, its undertaking and all property and assets, real and personal, movable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Debtor now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to the specific mortgage and charge and subject to the exceptions hereinafter contained);
- 2.03 Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:

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- (a) any consumer goods;
- (b) the last day of the term of any lease or any agreement for lease of real property now held or hereafter acquired by the Debtor, but should ECN enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust for ECN and shall assign the same as ECN shall direct; or
- (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a part or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for ECN and shall assign such contractual rights to ECN forthwith upon obtaining the consent of the other party thereto or as directed by ECN. The Debtor agrees that it shall, upon the request of ECN, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage and charge granted hereby.
- 2.04 Property in and title to any item of Collateral supplied to the Debtor by ECN, or the acquisition of which has been financed by ECN, shall remain in ECN until the full purchase price of such item, together with interest, financing charges and other charges in respect thereof from time to time in effect, shall have been paid in full. Receipt by ECN of any instrument of or endorsed by the Debtor shall not constitute payment until ECN receives in cash the full amount thereof. Risk of loss of each item of Collateral supplied by ECN shall pass to the Debtor upon delivery thereof to the Debtor.
- ARTICLES THREE - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR**
- 3.D1 Representations and Warranties**
- The Debtor hereby represents and warrants to ECN that:
- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, by-laws or other constituting documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party by or which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to ECN is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to ECN;
- (c) except as otherwise provided herein or disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others which rank prior to or pari passu with the security interest, assignment, mortgage and charge granted hereby; and the Debtor's chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than Inventory in transit) is that given in Section 7.06 of this Agreement, except as otherwise provided herein or disclosed in any schedule(s) hereto.
- 3.02 Covenants**
- The Debtor covenants with ECN that:
- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of ECN;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests;
- (e) it shall not change its chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than Inventory in transit) from the locations specified in Section 3.01(d), without the prior written consent of ECN;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall deliver to ECN, when required, the receipts and vouchers establishing such payment;
- (g) it shall keep proper books of account in accordance with sound accounting practice, shall furnish to ECN any financial and personal information of the Debtor and any Guarantor as ECN may from time to time require and it shall permit ECN or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (h) it shall from time to time forthwith at the request of ECN furnish to ECN in writing all information required relating to the Collateral (including without limitation, descriptions of all motor vehicles and other "serial number" goods), and ECN shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes ECN shall have access to all premises occupied by the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (i) it shall not change its name or, if the Debtor is a corporation, shall not amalgamate with any other corporation without first giving notice to ECN of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
- (j) it shall pay to ECN forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of ECN in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage and charge granted hereby and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.
- 3.03** The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear expected, and ECN may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary and the cost of such inspection and repairs shall be payable by the Debtor to ECN upon demand.
- 3.04** If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by ECN, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to ECN and, if requested by ECN, will cause such securities included in the Collateral to be registered in ECN's name so that ECN may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and ECN will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of ECN's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor waives all right to receive any such distribution after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by ECN to the Debtor or its order as aforesaid shall be effective from and after the occurrence of an Event of Default, and upon the occurrence of an Event of Default the Debtor shall immediately surrender any such proxy to ECN.
- 3.05** All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by ECN and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of

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ECN and any disposition or payment of the Obligations until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

ARTICLE FOUR - INSURANCE

4.01 INSURANCE

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral in any amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to ECN. If any such policies of insurance contain a co-insurance clause, the Debtor shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies shall name ECN as an additional insured and as a first loss payee thereof, as ECN's interests may appear, and shall contain a clause requiring the insurer to give ECN at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation or intended cancellation thereof. At ECN's request, the Debtor shall furnish ECN with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to ECN that such insurance coverage is in effect, provided, however, that ECN shall be under no duty to either ascertain the existence of or to examine such insurance policy or to advise the Debtor in the event such insurance coverage shall not comply with the requirements hereof. The Debtor shall give ECN notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, ECN shall have the right, but not the obligation, without notice to or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforcement of this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by ECN in performing such obligations shall be immediately due and payable to the Debtor and, until paid, such amounts shall be added to and form part of the Obligations secured hereunder. The Debtor will, at its expense, make all proofs of loss and take all other steps necessary to recover insurance benefits unless advised in writing by ECN that ECN desires so to do at the Debtor's expense. If the Debtor fails to recover the insurance benefits within a reasonable time or if ECN notifies the Debtor in writing of ECN's desire to recover such insurance benefits directly, then the Debtor hereby appoints ECN, with full power of substitution, as the Debtor's lawful attorney for all such purposes, including the execution and endorsement of all documents, cheques or drafts for loss or damage under any applicable insurance policies. Proceeds of the insurance shall at the option of ECN be disbursed by ECN against satisfactory invoices for repair or replacement of the Collateral, or be retained by ECN for application against the Obligations, and if the proceeds received are less than the loss value of the Collateral lost, the Debtor shall immediately pay to ECN the amount of such deficiency. The total or partial loss of the Collateral or its use or possession shall not relieve the Debtor from its Obligations.

ARTICLE FIVE - DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor shall not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of ECN, except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of Inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage and charge granted hereby and, subject to Section 5.02, collect Receivables in the ordinary course of its business.

5.02 Notification of Account Debtors

Before or after an Event of Default occurs, ECN may give notice of this Agreement and the security granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to ECN. Any payments or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by ECN shall be held by the Debtor in trust for ECN and paid over to ECN on request.

5.03 Application of Funds

Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ECN in respect of the Collateral may be applied on account of such parts of the Obligations as ECN in its sole discretion may determine, or may be held unappropriated in a collateral account, or in the discretion of ECN may be released to the Debtor, all without prejudice to ECN's rights against the Debtor.

ARTICLE SIX - DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor shall be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor fails to pay to ECN all or any part of the Obligations when due;
- (b) the Debtor fails to observe or perform any covenant or other obligation of the Debtor contained in this Agreement (other than a covenant or obligation specifically dealt with elsewhere in this Section 6.01);
- (c) any representation or warranty made by the Debtor or any Guarantor to ECN in connection with the entering into of this Agreement or any statement in any document, agreement or certificate furnished at any time to ECN in connection herewith proves to have been untrue, incorrect or misleading when made or furnished;
- (d) the Debtor, any Guarantor or any affiliate thereof is in default under any other agreement or obligation now existing or hereinafter entered into with ECN or any affiliate of ECN whether any of Debtor, such Guarantor or such affiliate is bound alone or with others;
- (e) the Debtor or any Guarantor ceases or threatens to cease to carry on the business currently being carried on by it or disposes of all or substantially all of its property;
- (f) the Debtor or any Guarantor becomes insolvent (within the meaning of the Bankruptcy and Insolvency Act) or commits or threatens to commit an act of bankruptcy or if a petition in bankruptcy, proposal, arrangement or reorganization under the Bankruptcy and Insolvency Act, Winding-up and Restructuring Act or Companies' Creditors Arrangement Act is filed by or against the Debtor or any Guarantor or if a trustee, receiver or receiver-manager or other similar official is appointed for Debtor or any Guarantor or a substantial part of Debtor's or any Guarantor's property;
- (g) if Debtor is a corporation, there is any change in its effective control without ECN's prior written consent;
- (h) the Collateral or any part thereof is seized, forfeited or confiscated or otherwise attached by anyone pursuant to any legal process or other means;
- (i) an encumbrancer or any other party takes possession of a substantial part of the Debtor's or any Guarantor's property;
- (j) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the security interest, assignment, mortgage or charge granted by this Agreement;
- (k) ECN believes in good faith that the payment of the Obligations or the performance or observance of any covenant herein is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process or otherwise; or
- (l) Debtor or any Guarantor dies or becomes mentally incompetent, if an individual, or is dissolved, or amalgamated or wound up if Debtor or such Guarantor is a corporation.

6.02 Remedies

1. Upon the occurrence of any Event of Default and at any time thereafter, ECN shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively and all of which may be exercised by ECN directly or through agents or nominees:
 - (a) any or all of the Obligations shall at the option of ECN become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of ECN to make further advances to the Debtor shall cease;

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- and any or all security granted hereby shall, at the option of ECN, become immediately enforceable;
- (b) ECN may appoint any person to be a Receiver of the Debtor or any or all of the Collateral and may remove any Receiver so appointed and appoint another if ECN so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all the powers as may be provided for in the instrument of appointment or any supplemental instrument, as well as all the powers of ECN hereunder, and in addition, shall have the power to carry on the business of the Debtor;
 - (c) ECN may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to ECN at such place or places as may be specified by ECN;
 - (d) ECN may carry on or concur in the carrying on of all or any part of the business of the Debtor;
 - (e) ECN may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
 - (f) ECN may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as ECN may determine and without notice to the Debtor unless required by law;
 - (g) ECN may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
 - (h) ECN may apply to a court of competent jurisdiction for the appointment of a receiver or a receiver and manager of the Debtor or of any or all of the Collateral; and
 - (i) ECN may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral.
2. The Debtor further agrees with ECN that:
- (a) ECN shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Collateral or for the purpose of preserving any rights of ECN, the Debtor or any other person in respect of the Collateral;
 - (b) ECN may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as ECN may see fit without prejudice to the liability of the Debtor to ECN or ECN's rights hereunder;
 - (c) To facilitate the realization of the Collateral, ECN may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as ECN requires, free of charge, and ECN shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (d) ECN may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured; and
 - (e) Any process of realization of the Collateral may be applied by ECN to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement and any balance of such proceeds shall be applied by ECN to payment of the Obligations in such order as ECN may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom ECN has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall be liable to pay any deficiency to ECN forthwith on demand.
3. If Debtor is a medical practitioner, dentist or pharmacist, then and only then, Debtor further agrees, in addition to and not in lieu of any of the foregoing:
- (a) to deliver the Books and Records described in Section 2.01(i), upon the request of ECN, to an individual designated by ECN who is qualified and licensed to carry on his/her Practice (as defined below); and
 - (b) not to carry on a Practice or attempt to contrive to carry on his/her Practice, directly or indirectly, individually or in partnership or for a corporation as principal, agent, director or officer or in any other manner whatsoever or permit his/her name to be used or employed in any Practice, without the written consent of ECN, for:
 - i. a period of time of three years (or, if such period of time is not permitted by applicable law, the longest period of time that is permitted by applicable law), from the date of the Event of Default, and
 - ii. a geographic area that is within a 5 kilometre radius (or, if such geographic area is not permitted by applicable law, the largest geographical area that is permitted by applicable law) of the premises at which the Debtor's Practice was carried out prior to the Event of Default.For a medical practitioner or dentist, "Practice" means practicing the prevention, diagnosis, treatment of medical diseases and injuries and malfunctions of the teeth, jaws and mouth, and for a pharmacist, "Practice" means the preparation and dispensing of pharmaceuticals.

ARTICLE SEVEN - GENERAL

7.01 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of ECN. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, and their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.02 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ECN with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between ECN and the Debtor except as expressly set forth herein.

7.03 No Waiver

No delay or failure by ECN in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.05 Further Assistance

The Debtor will from time to time forthwith at the request of ECN and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements, schedules and further assignments, transfers, documents, acts, matters, things and assurances as may be reasonably required by ECN to effectively carry out the full intent and meaning of this Agreement or to better evidence, perfect and preserve the security interest, assignment, mortgage and charge granted hereby. The Debtor hereby irrevocably constitutes and appoints ECN, or any Receiver appointed by a court of competent jurisdiction or ECN, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever ECN or any such Receiver may consider it to be necessary or desirable, and the Debtor agrees to ratify and confirm all such acts of the said attorney lawfully done. The Debtor shall pay all costs for searches and

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filings in connection with the registration, perfection and continuation of the security granted hereunder.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by facsimile transmission, addressed to the recipient as follows:

- (c) To the Debtor:
2275518 Ontario Inc.
200-4256 Bathurst Street
Toronto, Ontario
M3H 5Y8

Fax No.: _____

- (d) To ECN FINANCIAL INC:
4 Robert Speck Pkwy, Ste 900
Mississauga, Ontario L4Z 1S1
Fax No.: (888) 772-8129
or such other address, facsimile number or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system and might affect the delivery of mail, any such demand, notice or other communication shall not be mailed by shall be given by personal delivery or by facsimile transmission.

7.07 Modification

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties. The rights of ECN under this Agreement may be assigned by ECN without the consent of the Debtor, free of any set-off, counter-claim or equities between the Debtor and ECN, and the Debtor shall not assert against any assignee of ECN any claim or defence that the Debtor has

against ECN. The Debtor may not assign its obligations under this Agreement.

7.08 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by ECN and this Agreement is a continuing agreement and the security shall remain in full force and effect until discharged by ECN.

7.09 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by ECN.

7.10 Governing Law

This Agreement shall, for the purpose of determining the validity and enforceability of ECN's security interest in the Collateral and its remedies upon a default, be governed by and construed in accordance with the laws of the jurisdiction where (i) the Debtor is located with respect to that part of the Collateral that is inventory leased or held for lease to others or Collateral that is an intangible or Collateral that is normally used in more than one jurisdiction; and (ii) the laws of the jurisdiction where the Collateral is located in all other cases. For all other purposes, this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

7.11 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted by law, hereby waives and renounces such right and exonerates ECN from the obligation to provide such copies or verification statements thereto.

7.12 Attachment

The Debtor confirms that value has been given by ECN to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ECN have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created by this Agreement to any of the Collateral. The security interest, assignment, mortgage and charge created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige ECN to advance any funds or any additional funds.

2275518 ONTARIO INC.**(DEBTOR)**

I have authority to bind the corporation

Signature:  _____

Name: Grace Diera

Title: Director

ECN FINANCIAL INC**(ECN)**Signature:  _____

Name: Ben Wyett

Title: Vice-President, Operations



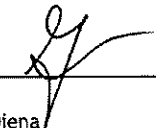
GENERAL SECURITY AGREEMENT

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

CERTIFICATE OF OFFICER

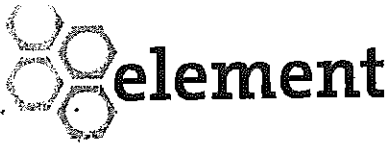
The undersigned, Grace Diena, Director of 2275518 Ontario Inc. (the "Corporation") hereby certifies to ECN Financial Inc, its successors and assigns, that the foregoing General Security Agreement and all ancillary documents (the "Agreements") were approved and executed by Grace Diena, acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on March 29, 2017, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

2275518 ONTARIO INC.

Signature:  _____

Name: Grace Diena

Title: Director



GENERAL SECURITY AGREEMENT

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

THIS AGREEMENT made as of this 21 day of February, 2016.

BY M. Blacher Drugs Ltd., a corporation incorporated under the laws of Ontario (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst St., Toronto, Ontario, M3H 5Y8

ISSUED IN FAVOUR OF: ELEMENT FINANCIAL INC ("ELEMENT")

WHEREAS the Debtor has agreed to provide a guarantee of the obligations of 2345760 Ontario Inc. to Element

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all its obligations to Element, the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements here in contained the debtor agrees with Element as follows:

ARTICLE ONE - INTERPRETATION

1.01 Interpretation

1. In this Agreement, unless something in the subject matter or context is inconsistent therewith,
 - (a) "Agreement" means this General Security Agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;
 - (b) "Collateral" has the meaning attributed thereto in Section 2.01, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;
 - (c) "Obligations" mean all obligations of the Debtor to ELEMENT including, without limiting the generality of the foregoing, all debts, liabilities, and indebtedness, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to ELEMENT or remaining unpaid by the Debtor to ELEMENT and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between ELEMENT and the Debtor or from other dealings or proceedings by which ELEMENT may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, and other costs, charges and expenses;
 - (d) "Receiver" means any of a receiver or receiver and manager appointed by ELEMENT pursuant to this Agreement;
 - (e) "Guarantor" means any guarantor of the Obligations; and
 - (f) the terms "accession", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meaning given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.
2. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.
3. In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

the Collateral to ELEMENT and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to ELEMENT. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, or be entitled to in all property of the following kinds:

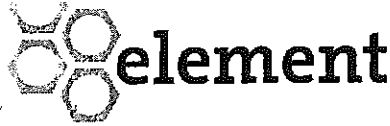
- (a) Accounts receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) Inventory: all inventory or whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not inventory (collectively, the "Equipment");
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments;
- (g) Intangibles: all intangibles not described in Section 2.01(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.01(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including without limitation, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.01(a) to (i) inclusive;
- (k) Proceeds: all proceeds to the property described in Sections 2.01(a) to (i) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property; and
- (l) All property described in schedule(s) now or hereafter attached hereto.

2.02 In addition, the Debtor hereby charges in favour of ELEMENT, as and by way of a floating charge, its undertaking and all property and assets, real and personal, movable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Debtor now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to the specific mortgage and charge and subject to the exceptions hereinafter contained);

ARTICLE TWO - GRANT OF SECURITY

2.01 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to ELEMENT a security interest in the present and future undertaking and property, both real and personal, and wherever located, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns



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- 2.03 Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:
- (a) any consumer goods;
 - (b) the last day of the term of any lease or any agreement for lease of real property now held or hereafter acquired by the Debtor, but should ELEMENT enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust for ELEMENT and shall assign the same as ELEMENT shall direct; or
 - (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a part or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for ELEMENT and shall assign such contractual rights to ELEMENT forthwith upon obtaining the consent of the other party thereto or as directed by ELEMENT. The Debtor agrees that it shall, upon the request of ELEMENT, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage and charge granted hereby.
- 2.04 Property in and title to any item of Collateral supplied to the Debtor by ELEMENT, or the acquisition of which has been financed by ELEMENT, shall remain in ELEMENT until the full purchase price of such item, together with interest, financing charges and other charges in respect thereof from time to time in effect, shall have been paid in full. Receipt by ELEMENT of any instrument of or endorsed by the Debtor shall not constitute payment until ELEMENT receives in cash the full amount thereof. Risk of loss of each item of Collateral supplied by ELEMENT shall pass to the Debtor upon delivery thereof to the Debtor.

ARTICLES THREE - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Representations and Warranties

The Debtor hereby represents and warrants to ELEMENT that:

- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, by-laws or other constituting documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party by or which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to ELEMENT is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to ELEMENT;
- (c) except as otherwise provided herein or disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others which rank prior to or pari passu with the security interest, assignment, mortgage and charge granted hereby; and
- (d) the Debtor's chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than inventory in transit) is that given in Section 7.06 of this Agreement, except as otherwise provided herein or disclosed in any schedule(s) hereto.

3.02 Covenants

The Debtor covenants with ELEMENT that:

- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;

- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of ELEMENT;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests;
- (e) it shall not change its chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than inventory in transit) from the locations specified in Section 3.01(d), without the prior written consent of ELEMENT;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall deliver to ELEMENT, when required, the receipts and vouchers establishing such payment;
- (g) it shall keep proper books of account in accordance with sound accounting practice, shall furnish to ELEMENT any financial and personal information of the Debtor and any Guarantor as ELEMENT may from time to time require and it shall permit ELEMENT or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (h) it shall from time to time forthwith at the request of ELEMENT furnish to ELEMENT in writing all information required relating to the Collateral (including without limitation, descriptions of all motor vehicles and other "serial number" goods), and ELEMENT shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes ELEMENT shall have access to all premises occupied by the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (i) it shall not change its name or, if the Debtor is a corporation, shall not amalgamate with any other corporation without first giving notice to ELEMENT of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
- (j) it shall pay to ELEMENT forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of ELEMENT in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage and charge granted hereby and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.

3.03 The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear expected, and ELEMENT may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary and the cost of such inspection and repairs shall be payable by the Debtor to ELEMENT upon demand.

3.04 If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by ELEMENT, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to ELEMENT and, if requested by ELEMENT, will cause such securities included in the Collateral to be registered in ELEMENT's name so that ELEMENT may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and ELEMENT will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of ELEMENT's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor waives all right to receive any such distribution after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by ELEMENT to the Debtor or its order as aforesaid shall be effective from and after the occurrence of



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an Event of Default, and upon the occurrence of an Event of Default the Debtor shall immediately surrender any such proxy to ELEMENT.

- 3.05 All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by ELEMENT and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of ELEMENT and any disposition or payment of the Obligations until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

ARTICLE FOUR - INSURANCE

4.01 INSURANCE

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral in any amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to ELEMENT. If any such policies of insurance contain a co-insurance clause, the Debtor shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies shall name ELEMENT as an additional insured and as a first loss payee thereof, as ELEMENT's interests may appear, and shall contain a clause requiring the insurer to give ELEMENT at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation or intended cancellation thereof. At ELEMENT's request, the Debtor shall furnish ELEMENT with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to ELEMENT that such insurance coverage is in effect, provided, however, that ELEMENT shall be under no duty to either ascertain the existence of or to examine such insurance policy or to advise the Debtor in the event such insurance coverage shall not comply with the requirements hereof. The Debtor shall give ELEMENT notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, ELEMENT shall have the right, but not the obligation, without notice to or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforcement of this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by ELEMENT in performing such obligations shall be immediately due and payable to the Debtor and, until paid, such amounts shall be added to and form part of the Obligations secured hereunder. The Debtor will, at its expense, make all proofs of loss and take all other steps necessary to recover insurance benefits unless advised in writing by ELEMENT that ELEMENT desires so to do at the Debtor's expense. If the Debtor fails to recover the insurance benefits within a reasonable time or if ELEMENT notifies the Debtor in writing of ELEMENT's desire to recover such insurance benefits directly, then the Debtor hereby appoints ELEMENT, with full power of substitution, as the Debtor's lawful attorney for all such purposes, including the execution and endorsement of all documents, cheques or drafts for loss or damage under any applicable insurance policies. Proceeds of the insurance shall at the option of ELEMENT be disbursed by ELEMENT against satisfactory invoices for repair or replacement of the Collateral, or be retained by ELEMENT for application against the Obligations, and if the proceeds received are less than the loss value of the Collateral lost, the Debtor shall immediately pay to ELEMENT the amount of such deficiency. The total or partial loss of the Collateral or its use or possession shall not relieve the Debtor from its Obligations.

ARTICLE FIVE - DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor shall not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of ELEMENT, except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage and charge granted hereby and, subject to Section 5.02, collect Receivables in the ordinary course of its business.

5.02 Notification of Account Debtors

Before or after an Event of Default occurs, ELEMENT may give notice of this Agreement and the security granted hereby to any account debtors

of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to ELEMENT. Any payments or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by ELEMENT shall be held by the Debtor in trust for ELEMENT and paid over to ELEMENT on request.

5.03 Application of Funds

Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ELEMENT in respect of the Collateral may be applied on account of such parts of the Obligations as ELEMENT in its sole discretion may determine, or may be held unappropriated in a collateral account, or in the discretion of ELEMENT may be released to the Debtor, all without prejudice to ELEMENT's rights against the Debtor.

ARTICLE SIX - DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor shall be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor fails to pay to ELEMENT all or any part of the Obligations when due;
- (b) the Debtor fails to observe or perform any covenant or other obligation of the Debtor contained in this Agreement (other than a covenant or obligation specifically dealt with elsewhere in this Section 6.01);
- (c) any representation or warranty made by the Debtor or any Guarantor to ELEMENT in connection with the entering into of this Agreement or any statement in any document, agreement or certificate furnished at any time to ELEMENT in connection herewith proves to have been untrue, incorrect or misleading when made or furnished;
- (d) the Debtor, any Guarantor or any affiliate thereof is in default under any other agreement or obligation now existing or hereinafter entered into with ELEMENT or any affiliate of ELEMENT whether any of Debtor, such Guarantor or such affiliate is bound alone or with others;
- (e) the Debtor or any Guarantor ceases or threatens to cease to carry on the business currently being carried on by it or disposes of all or substantially all of its property;
- (f) the Debtor or any Guarantor becomes insolvent (within the meaning of the Bankruptcy and Insolvency Act) or commits or threatens to commit an act of bankruptcy or if a petition in bankruptcy, proposal, arrangement or reorganization under the Bankruptcy and Insolvency Act, Winding-up and Restructuring Act or Companies' Creditors Arrangement Act is filed by or against the Debtor or any Guarantor or if a trustee, receiver or receiver-manager or other similar official is appointed for Debtor or any Guarantor or a substantial part of Debtor's or any Guarantor's property;
- (g) if Debtor is a corporation, there is any change in its effective control without ELEMENT's prior written consent;
- (h) the Collateral or any part thereof is seized, forfeited or confiscated or otherwise attached by anyone pursuant to any legal process or other means;
- (i) an encumbrancer or any other party takes possession of a substantial part of the Debtor's or any Guarantor's property;
- (j) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the security interest, assignment, mortgage or charge granted by this Agreement;
- (k) ELEMENT believes in good faith that the payment of the Obligations or the performance or observance of any covenant herein is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process or otherwise; or
- (l) Debtor or any Guarantor dies or becomes mentally incompetent, if an individual, or is dissolved, or amalgamated or wound up if Debtor or such Guarantor is a corporation.

6.02 Remedies

1. Upon the occurrence of any Event of Default and at any time thereafter, ELEMENT shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively



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and all of which may be exercised by ELEMENT directly or through agents or nominees:

- (a) any or all of the Obligations shall at the option of ELEMENT become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of ELEMENT to make further advances to the Debtor shall cease; and any or all security granted hereby shall, at the option of ELEMENT, become immediately enforceable;
 - (b) ELEMENT may appoint any person to be a Receiver of the Debtor or any or all of the Collateral and may remove any Receiver so appointed and appoint another if ELEMENT so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all the powers as may be provided for in the instrument of appointment or any supplemental instrument, as well as all the powers of ELEMENT hereunder, and in addition, shall have the power to carry on the business of the Debtor;
 - (c) ELEMENT may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to ELEMENT at such place or places as may be specified by ELEMENT;
 - (d) ELEMENT may carry on or concur in the carrying on of all or any part of the business of the Debtor;
 - (e) ELEMENT may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
 - (f) ELEMENT may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as ELEMENT may determine and without notice to the Debtor unless required by law;
 - (g) ELEMENT may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
 - (h) ELEMENT may apply to a court of competent jurisdiction for the appointment of a receiver or a receiver and manager of the Debtor or of any or all of the Collateral; and
 - (i) ELEMENT may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral.
2. The Debtor further agrees with ELEMENT that:
- (a) ELEMENT shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Collateral or for the purpose of preserving any rights of ELEMENT, the Debtor or any other person in respect of the Collateral;
 - (b) ELEMENT may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as ELEMENT may see fit without prejudice to the liability of the Debtor to ELEMENT or ELEMENT's rights hereunder;
 - (c) To facilitate the realization of the Collateral, ELEMENT may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as ELEMENT requires, free of charge, and ELEMENT shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (d) ELEMENT may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured; and
 - (e) Any process of realization of the Collateral may be applied by ELEMENT to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement and any

balance of such proceeds shall be applied by ELEMENT to payment of the Obligations in such order as ELEMENT may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom ELEMENT has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall be liable to pay any deficiency to ELEMENT forthwith on demand.

3. If Debtor is a medical practitioner, dentist or pharmacist, then and only then, Debtor further agrees, in addition to and not in lieu of any of the foregoing:
 - (a) to deliver the Books and Records described in Section 2.01(i), upon the request of ELEMENT, to an individual designated by ELEMENT who is qualified and licensed to carry on his/her Practice (as defined below); and
 - (b) not to carry on a Practice or attempt to contrive to carry on his/her Practice, directly or indirectly, individually or in partnership or for a corporation as principal, agent, director or officer or in any other manner whatsoever or permit his/her name to be used or employed in any Practice, without the written consent of ELEMENT, for:
 - i. a period of time of three years (or, if such period of time is not permitted by applicable law, the longest period of time that is permitted by applicable law), from the date of the Event of Default, and
 - ii. a geographic area that is within a 5 kilometre radius (or, if such geographic area is not permitted by applicable law, the largest geographical area that is permitted by applicable law) of the premises at which the Debtor's Practice was carried out prior to the Event of Default.
- For a medical practitioner or dentist, "Practice" means practicing the prevention, diagnosis, treatment of medical diseases and injuries and malfunctions of the teeth, jaws and mouth, and for a pharmacist, "Practice" means the preparation and dispensing of pharmaceuticals.

ARTICLE SEVEN - GENERAL

7.01 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of ELEMENT. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, and their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.02 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ELEMENT with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between ELEMENT and the Debtor except as expressly set forth herein.

7.03 No Waiver

No delay or failure by ELEMENT in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.05 Further Assistance

The Debtor will from time to time forthwith at the request of ELEMENT and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements, schedules and further assignments, transfers, documents, acts, matters, things and assurances as may be reasonably required by ELEMENT to effectively carry out the full intent and meaning of this Agreement or to better evidence, perfect and preserve the security



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interest, assignment, mortgage and charge granted hereby. The Debtor hereby irrevocably constitutes and appoints ELEMENT, or any Receiver appointed by a court of competent jurisdiction or ELEMENT, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever ELEMENT or any such Receiver may consider it to be necessary or desirable, and the Debtor agrees to ratify and confirm all such acts of the said attorney lawfully done. The Debtor shall pay all costs for searches and filings in connection with the registration, perfection and continuation of the security granted hereunder.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by facsimile transmission, addressed to the recipient as follows:

(c) To the Debtor:
M. Blacher Drugs Ltd.
200-4256 Bathurst Street
Toronto, Ontario M3H 5Y8

Fax No.: 647-351-5300

(d) To ELEMENT FINANCIAL INC:
4 Robert Speck Pkwy, Ste 900
Mississauga, Ontario L4Z 1S1
Fax No.: (888) 772-8129

or such other address, facsimile number or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system and might affect the delivery of mail, any such demand, notice or other communication shall not be mailed by shall be given by personal delivery or by facsimile transmission.

7.07 Modification

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties. The rights of ELEMENT under this Agreement may be assigned by ELEMENT without

the consent of the Debtor, free of any set-off, counter-claim or equities between the Debtor and ELEMENT, and the Debtor shall not assert against any assignee of ELEMENT any claim or defence that the Debtor has against ELEMENT. The Debtor may not assign its obligations under this Agreement.

7.08 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by ELEMENT and this Agreement is a continuing agreement and the security shall remain in full force and effect until discharged by ELEMENT.

7.09 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by ELEMENT.

7.10 Governing Law

This Agreement shall, for the purpose of determining the validity and enforceability of ELEMENT's security interest in the Collateral and its remedies upon a default, be governed by and construed in accordance with the laws of the jurisdiction where (i) the Debtor is located with respect to that part of the Collateral that is inventory leased or held for lease to others or Collateral that is an intangible or Collateral that is normally used in more than one jurisdiction; and (ii) the laws of the jurisdiction where the Collateral is located in all other cases. For all other purposes, this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

7.11 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted by law, hereby waives and renounces such right and exonerates ELEMENT from the obligation to provide such copies or verification statements thereto.

7.12 Attachment

The Debtor confirms that value has been given by ELEMENT to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ELEMENT have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created by this Agreement to any of the Collateral. The security interest, assignment, mortgage and charge created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige ELEMENT to advance any funds or any additional funds.

M. BLACHER DRUGS LTD.
(DEBTOR)

I have authority to bind the corporation

Signature:

Name: D DIENA

Title: President

ELEMENT FINANCIAL INC
(ELEMENT)

Signature:

Name: Ben Wyatt

Title: Vice-President, Operations



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CERTIFICATE OF OFFICER

The undersigned, Michael Blacher, President of M. Blacher Drugs Ltd. (the "Corporation") hereby certifies to Element Financial Inc, its successors and assigns, that the foregoing General Security Agreement and all ancillary documents (the "Agreements") were approved and executed by Michael Blacher, acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on February 28, 2016, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

M. BLACHER DRUGS LTD.

Signature: X

Name: ID DIENA

Title: President



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THIS AGREEMENT made as of this 29 day of February, 2016.

BY 2501380 Ontario Inc., a corporation incorporated under the laws of Ontario (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst St., Toronto, Ontario, M3H 5Y8

ISSUED IN FAVOUR OF: ELEMENT FINANCIAL INC ("ELEMENT")

WHEREAS the Debtor has agreed to provide a guarantee of the obligations of 2345760 Ontario Inc. to Element

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all its obligations to Element, the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements here in contained the debtor agrees with Element as follows:

ARTICLE ONE - INTERPRETATION

1.01 Interpretation

1. In this Agreement, unless something in the subject matter or context is inconsistent therewith,

- (a) "Agreement" means this General Security Agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;
- (b) "Collateral" has the meaning attributed thereto in Section 2.01, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;
- (c) "Obligations" mean all obligations of the Debtor to ELEMENT including, without limiting the generality of the foregoing, all debts, liabilities, and indebtedness, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to ELEMENT or remaining unpaid by the Debtor to ELEMENT and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between ELEMENT and the Debtor or from other dealings or proceedings by which ELEMENT may be or become in any manner whatsoever a creditor of the Debtor and where incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, and other costs, charges and expenses;
- (d) "Receiver" means any of a receiver or receiver and manager appointed by ELEMENT pursuant to this Agreement;
- (e) "Guarantor" means any guarantor of the Obligations; and
- (f) "accession", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meaning given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.

2. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

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

ARTICLE TWO - GRANT OF SECURITY

2.01 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to ELEMENT a security interest in the present and future undertaking and property, both real and personal, and wherever located, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns

the Collateral to ELEMENT and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to ELEMENT. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, or be entitled to in all property of the following kinds:

- (a) Accounts receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) Inventory: all inventory or whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not inventory (collectively, the "Equipment");
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments;
- (g) Intangibles: all intangibles not described in Section 2.01(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.01(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including without limitation, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.01(a) to (i) inclusive;
- (k) Proceeds: all proceeds to the property described in Sections 2.01(a) to (i) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property; and
- (l) All property described in schedule(s) now or hereafter attached hereto.

2.02 In addition, the Debtor hereby charges in favour of ELEMENT, as and by way of a floating charge, its undertaking and all property and assets, real and personal, movable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Debtor now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to the specific mortgage and charge and subject to the exceptions hereinafter contained);



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- 2.03 Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:
- (a) any consumer goods;
 - (b) the last day of the term of any lease or any agreement for lease of real property now held or hereafter acquired by the Debtor, but should ELEMENT enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust for ELEMENT and shall assign the same as ELEMENT shall direct; or
 - (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a part or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for ELEMENT and shall assign such contractual rights to ELEMENT forthwith upon obtaining the consent of the other party thereto or as directed by ELEMENT. The Debtor agrees that it shall, upon the request of ELEMENT, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage and charge granted hereby.
- 2.04 Property in and title to any item of Collateral supplied to the Debtor by ELEMENT, or the acquisition of which has been financed by ELEMENT, shall remain in ELEMENT until the full purchase price of such item, together with interest, financing charges and other charges in respect thereof from time to time in effect, shall have been paid in full. Receipt by ELEMENT of any instrument of or endorsed by the Debtor shall not constitute payment until ELEMENT receives in cash the full amount thereof. Risk of loss of each item of Collateral supplied by ELEMENT shall pass to the Debtor upon delivery thereof to the Debtor.

- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of ELEMENT;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests;
- (e) it shall not change its chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than Inventory in transit) from the locations specified in Section 3.01(d), without the prior written consent of ELEMENT;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall deliver to ELEMENT, when required, the receipts and vouchers establishing such payment;
- (g) it shall keep proper books of account in accordance with sound accounting practice, shall furnish to ELEMENT any financial and personal information of the Debtor and any Guarantor as ELEMENT may from time to time require and it shall permit ELEMENT or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (h) it shall from time to time forthwith at the request of ELEMENT furnish to ELEMENT in writing all information required relating to the Collateral (including without limitation, descriptions of all motor vehicles and other "serial number" goods), and ELEMENT shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes ELEMENT shall have access to all premises occupied by the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (i) it shall not change its name or, if the Debtor is a corporation, shall not amalgamate with any other corporation without first giving notice to ELEMENT of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
- (j) it shall pay to ELEMENT forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of ELEMENT in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage and charge granted hereby and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.

ARTICLES THREE - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Representations and Warranties

The Debtor hereby represents and warrants to ELEMENT that:

- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, by-laws or other constituting documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party by or which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to ELEMENT is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to ELEMENT;
- (c) except as otherwise provided herein or disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others which rank prior to or pari passu with the security interest, assignment, mortgage and charge granted hereby; and the Debtor's chief executive office; the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than Inventory in transit) is that given in Section 7.06 of this Agreement, except as otherwise provided herein or disclosed in any schedule(s) hereto.

3.02 Covenants

The Debtor covenants with ELEMENT that:

- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;

3.03 The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear expected, and ELEMENT may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary and the cost of such inspection and repairs shall be payable by the Debtor to ELEMENT upon demand.

3.04 If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by ELEMENT, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to ELEMENT and, if requested by ELEMENT, will cause such securities included in the Collateral to be registered in ELEMENT's name so that ELEMENT may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and ELEMENT will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of ELEMENT's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor waives all right to receive any such distribution after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by ELEMENT to the Debtor or its order as aforesaid shall be effective from and after the occurrence of



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an Event of Default, and upon the occurrence of an Event of Default the Debtor shall immediately surrender any such proxy to ELEMENT.

3.05 All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by ELEMENT and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of ELEMENT and any disposition or payment of the Obligations until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

ARTICLE FOUR - INSURANCE

4.01 INSURANCE

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral in any amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to ELEMENT. If any such policies of insurance contain a co-insurance clause, the Debtor shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies shall name ELEMENT as an additional insured and as a first loss payee thereof, as ELEMENT's interests may appear, and shall contain a clause requiring the insurer to give ELEMENT at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation or intended cancellation thereof. At ELEMENT's request, the Debtor shall furnish ELEMENT with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to ELEMENT that such insurance coverage is in effect, provided, however, that ELEMENT shall be under no duty to either ascertain the existence of or to examine such insurance policy or to advise the Debtor in the event such insurance coverage shall not comply with the requirements hereof. The Debtor shall give ELEMENT notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, ELEMENT shall have the right, but not the obligation, without notice to or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforcement of this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by ELEMENT in performing such obligations shall be immediately due and payable to the Debtor and, until paid, such amounts shall be added to and form part of the Obligations secured hereunder. The Debtor will, at its expense, make all proofs of loss and take all other steps necessary to recover insurance benefits unless advised in writing by ELEMENT that ELEMENT desires so to do at the Debtor's expense. If the Debtor fails to recover the insurance benefits within a reasonable time or if ELEMENT notifies the Debtor in writing of ELEMENT's desire to recover such insurance benefits directly, then the Debtor hereby appoints ELEMENT, with full power of substitution, as the Debtor's lawful attorney for all such purposes, including the execution and endorsement of all documents, cheques or drafts for loss or damage under any applicable insurance policies. Proceeds of the insurance shall at the option of ELEMENT be disbursed by ELEMENT against satisfactory invoices for repair or replacement of the Collateral, or be retained by ELEMENT for application against the Obligations, and if the proceeds received are less than the loss value of the Collateral lost, the Debtor shall immediately pay to ELEMENT the amount of such deficiency. The total or partial loss of the Collateral or its use or possession shall not relieve the Debtor from its Obligations.

ARTICLE FIVE - DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor shall not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of ELEMENT, except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage and charge granted hereby and, subject to Section 5.02, collect Receivables in the ordinary course of its business.

5.02 Notification of Account Debtors

Before or after an Event of Default occurs, ELEMENT may give notice of this Agreement and the security granted hereby to any account debtors

of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to ELEMENT. Any payments or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by ELEMENT shall be held by the Debtor in trust for ELEMENT and paid over to ELEMENT on request.

5.03 Application of Funds

Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ELEMENT in respect of the Collateral may be applied on account of such parts of the Obligations as ELEMENT in its sole discretion may determine, or may be held unappropriated in a collateral account, or in the discretion of ELEMENT may be released to the Debtor, all without prejudice to ELEMENT's rights against the Debtor.

ARTICLE SIX - DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor shall be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor fails to pay to ELEMENT all or any part of the Obligations when due;
- (b) the Debtor fails to observe or perform any covenant or other obligation of the Debtor contained in this Agreement (other than a covenant or obligation specifically dealt with elsewhere in this Section 6.01);
- (c) any representation or warranty made by the Debtor or any Guarantor to ELEMENT in connection with the entering into of this Agreement or any statement in any document, agreement or certificate furnished at any time to ELEMENT in connection herewith proves to have been untrue, incorrect or misleading when made or furnished;
- (d) the Debtor, any Guarantor or any affiliate thereof is in default under any other agreement or obligation now existing or hereinafter entered into with ELEMENT or any affiliate of ELEMENT whether any of Debtor, such Guarantor or such affiliate is bound alone or with others;
- (e) the Debtor or any Guarantor ceases or threatens to cease to carry on the business currently being carried on by it or disposes of all or substantially all of its property;
- (f) the Debtor or any Guarantor becomes insolvent (within the meaning of the Bankruptcy and Insolvency Act) or commits or threatens to commit an act of bankruptcy or if a petition in bankruptcy, proposal, arrangement or reorganization under the Bankruptcy and Insolvency Act, Winding-up and Restructuring Act or Companies' Creditors Arrangement Act is filed by or against the Debtor or any Guarantor or if a trustee, receiver or receiver-manager or other similar official is appointed for Debtor or any Guarantor or a substantial part of Debtor's or any Guarantor's property;
- (g) if Debtor is a corporation, there is any change in its effective control without ELEMENT's prior written consent;
- (h) the Collateral or any part thereof is seized, forfeited or confiscated or otherwise attached by anyone pursuant to any legal process or other means;
- (i) an encumbrancer or any other party takes possession of a substantial part of the Debtor's or any Guarantor's property;
- (j) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the security interest, assignment, mortgage or charge granted by this Agreement;
- (k) ELEMENT believes in good faith that the payment of the Obligations or the performance or observance of any covenant herein is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process or other means; or
- (l) Debtor or any Guarantor dies or becomes mentally incompetent, if an individual, or is dissolved, or amalgamated or wound up if Debtor or such Guarantor is a corporation.

6.02 Remedies

- 1. Upon the occurrence of any Event of Default and at any time thereafter, ELEMENT shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively



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and all of which may be exercised by ELEMENT directly or through agents or nominees:

- (a) any or all of the Obligations shall at the option of ELEMENT become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of ELEMENT to make further advances to the Debtor shall cease; and any or all security granted hereby shall, at the option of ELEMENT, become immediately enforceable;
 - (b) ELEMENT may appoint any person to be a Receiver of the Debtor or any or all of the Collateral and may remove any Receiver so appointed and appoint another if ELEMENT so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all the powers as may be provided for in the instrument of appointment or any supplemental instrument, as well as all the powers of ELEMENT hereunder, and in addition, shall have the power to carry on the business of the Debtor;
 - (c) ELEMENT may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to ELEMENT at such place or places as may be specified by ELEMENT;
 - (d) ELEMENT may carry on or concur in the carrying on of all or any part of the business of the Debtor;
 - (e) ELEMENT may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
 - (f) ELEMENT may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as ELEMENT may determine and without notice to the Debtor unless required by law;
 - (g) ELEMENT may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
 - (h) ELEMENT may apply to a court of competent jurisdiction for the appointment of a receiver or a receiver and manager of the Debtor or of any or all of the Collateral; and
 - (i) ELEMENT may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral.
2. The Debtor further agrees with ELEMENT that:
- (a) ELEMENT shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Collateral or for the purpose of preserving any rights of ELEMENT, the Debtor or any other person in respect of the Collateral;
 - (b) ELEMENT may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as ELEMENT may see fit without prejudice to the liability of the Debtor to ELEMENT or ELEMENT's rights hereunder;
 - (c) To facilitate the realization of the Collateral, ELEMENT may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as ELEMENT requires, free of charge, and ELEMENT shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (d) ELEMENT may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured; and
 - (e) Any process of realization of the Collateral may be applied by ELEMENT to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement and any

balance of such proceeds shall be applied by ELEMENT to payment of the Obligations in such order as ELEMENT may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom ELEMENT has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall be liable to pay any deficiency to ELEMENT forthwith on demand.

- 3. If Debtor is a medical practitioner, dentist or pharmacist, then and only then, Debtor further agrees, in addition to and not in lieu of any of the foregoing:
 - (a) to deliver the Books and Records described in Section 2.01(i), upon the request of ELEMENT, to an individual designated by ELEMENT who is qualified and licensed to carry on his/her Practice (as defined below); and
 - (b) not to carry on a Practice or attempt to contrive to carry on his/her Practice, directly or indirectly, individually or in partnership or for a corporation as principal, agent, director or officer or in any other manner whatsoever or permit his/her name to be used or employed in any Practice, without the written consent of ELEMENT, for:
 - i. a period of time of three years (or, if such period of time is not permitted by applicable law, the longest period of time that is permitted by applicable law), from the date of the Event of Default, and
 - ii. a geographic area that is within a 5 kilometre radius (or, if such geographic area is not permitted by applicable law, the largest geographical area that is permitted by applicable law) of the premises at which the Debtor's Practice was carried out prior to the Event of Default.

For a medical practitioner or dentist, "Practice" means practicing the prevention, diagnosis, treatment of medical diseases and injuries and malfunctions of the teeth, jaws and mouth, and for a pharmacist, "Practice" means the preparation and dispensing of pharmaceuticals.

ARTICLE SEVEN - GENERAL

7.01 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of ELEMENT. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, and their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.02 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ELEMENT with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between ELEMENT and the Debtor except as expressly set forth herein.

7.03 No Waiver

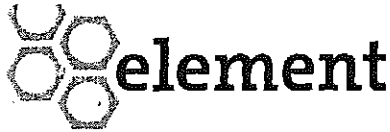
No delay or failure by ELEMENT in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.05 Further Assistance

The Debtor will from time to time forthwith at the request of ELEMENT and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements, schedules and further assignments, transfers, documents, acts, matters, things and assurances as may be reasonably required by ELEMENT to effectively carry out the full intent and meaning of this Agreement or to better evidence, perfect and preserve the security



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interest, assignment, mortgage and charge granted hereby. The Debtor hereby irrevocably constitutes and appoints ELEMENT, or any Receiver appointed by a court of competent jurisdiction or ELEMENT, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever ELEMENT or any such Receiver may consider it to be necessary or desirable, and the Debtor agrees to ratify and confirm all such acts of the said attorney lawfully done. The Debtor shall pay all costs for searches and filings in connection with the registration, perfection and continuation of the security granted hereunder.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by facsimile transmission, addressed to the recipient as follows:

(c) To the Debtor:
2501380 Ontario Inc.
200-4256 Bathurst Street
Toronto, Ontario M3H 5Y8

Fax No.: 647-351-5380

(d) To ELEMENT FINANCIAL INC:
4 Robert Speck Pkwy, Ste 900
Mississauga, Ontario L4Z 1S1
Fax No.: (888) 772-8129

or such other address, facsimile number or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system and might affect the delivery of mail, any such demand, notice or other communication shall not be mailed by shall be given by personal delivery or by facsimile transmission.

7.07 Modification

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties. The rights of ELEMENT under this Agreement may be assigned by ELEMENT without

the consent of the Debtor, free of any set-off, counter-claim or equities between the Debtor and ELEMENT, and the Debtor shall not assert against any assignee of ELEMENT any claim or defence that the Debtor has against ELEMENT. The Debtor may not assign its obligations under this Agreement.

7.08 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by ELEMENT and this Agreement is a continuing agreement and the security shall remain in full force and effect until discharged by ELEMENT.

7.09 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by ELEMENT.

7.10 Governing Law

This Agreement shall, for the purpose of determining the validity and enforceability of ELEMENT's security interest in the Collateral and its remedies upon a default, be governed by and construed in accordance with the laws of the jurisdiction where (i) the Debtor is located with respect to that part of the Collateral that is inventory leased or held for lease to others or Collateral that is an intangible or Collateral that is normally used in more than one jurisdiction; and (ii) the laws of the jurisdiction where the Collateral is located in all other cases. For all other purposes, this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

7.11 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted by law, hereby waives and renounces such right and exonerates ELEMENT from the obligation to provide such copies or verification statements thereto.

7.12 Attachment

The Debtor confirms that value has been given by ELEMENT to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ELEMENT have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created by this Agreement to any of the Collateral. The security interest, assignment, mortgage and charge created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige ELEMENT to advance any funds or any additional funds.

2501380 ONTARIO INC.
(DEBTOR)

I have authority to bind the corporation

Signature: 

Name: Dani Dena

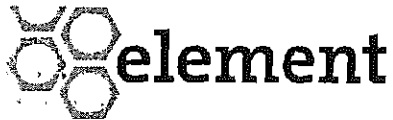
Title: Director

ELEMENT FINANCIAL INC
(ELEMENT)

Signature: 

Name: Ben Wyatt

Title: Vice-President, Operations



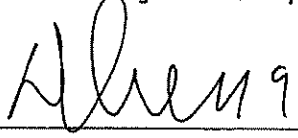
GENERAL SECURITY AGREEMENT

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

CERTIFICATE OF OFFICER

The undersigned, Dani Diana, Director of 2501380 Ontario Inc. (the "Corporation") hereby certifies to Element Financial Inc, its successors and assigns, that the foregoing General Security Agreement and all ancillary documents (the "Agreements") were approved and executed by Dani Diana, acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on February _____, 2016, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

2501380 ONTARIO INC.

Signature: 

Name: Dani Diana

Title: Director



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THIS AGREEMENT made as of this 12th day of September, 2016.

BY 2527218 Ontario Inc., a corporation incorporated under the laws of Ontario (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst St., Toronto, Ontario, M3H 5Y8

ISSUED IN FAVOUR OF: ELEMENT FINANCIAL INC ("ELEMENT")

WHEREAS the Debtor has agreed to provide a guarantee of the obligations of 2345760 Ontario Inc. to Element

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all its obligations to Element, the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements here in contained the debtor agrees with Element as follows:

ARTICLE ONE - INTERPRETATION

1.01 Interpretation

1. In this Agreement, unless something in the subject matter or context is inconsistent therewith,
 - (a) "Agreement" means this General Security Agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;
 - (b) "Collateral" has the meaning attributed thereto in Section 2.01, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;
 - (c) "Obligations" mean all obligations of the Debtor to ELEMENT including, without limiting the generality of the foregoing, all debts, liabilities, and indebtedness, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to ELEMENT or remaining unpaid by the Debtor to ELEMENT and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between ELEMENT and the Debtor or from other dealings or proceedings by which ELEMENT may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, and other costs, charges and expenses;
 - (d) "Receiver" means any of a receiver or receiver and manager appointed by ELEMENT pursuant to this Agreement;
 - (e) "Guarantor" means any guarantor of the Obligations; and
 - (f) the terms "accession", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meaning given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.
2. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.
3. In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

the Collateral to ELEMENT and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to ELEMENT. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, or be entitled to in all property of the following kinds:

- (a) Accounts receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) Inventory: all inventory or whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not inventory (collectively, the "Equipment");
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments;
- (g) Intangibles: all intangibles not described in Section 2.01(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.01(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including without limitation, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.01(a) to (i) inclusive;
- (k) Proceeds: all proceeds to the property described in Sections 2.01(a) to (i) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property; and
- (l) All property described in schedule(s) now or hereafter attached hereto.

ARTICLE TWO - GRANT OF SECURITY

2.01 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to ELEMENT a security interest in the present and future undertaking and property, both real and personal, and wherever located, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns

2.02 In addition, the Debtor hereby charges in favour of ELEMENT, as and by way of a floating charge, its undertaking and all property and assets, real and personal, movable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Debtor now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to the specific mortgage and charge and subject to the exceptions hereinafter contained);



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- 2.03 Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:
 - (a) any consumer goods;
 - (b) the last day of the term of any lease or any agreement for lease of real property now held or hereafter acquired by the Debtor, but should ELEMENT enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust for ELEMENT and shall assign the same as ELEMENT shall direct; or
 - (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a part or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for ELEMENT and shall assign such contractual rights to ELEMENT forthwith upon obtaining the consent of the other party thereto or as directed by ELEMENT. The Debtor agrees that it shall, upon the request of ELEMENT, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage and charge granted hereby.
- 2.04 Property in and title to any item of Collateral supplied to the Debtor by ELEMENT, or the acquisition of which has been financed by ELEMENT, shall remain in ELEMENT until the full purchase price of such item, together with interest, financing charges and other charges in respect thereof from time to time in effect, shall have been paid in full. Receipt by ELEMENT of any instrument of or endorsed by the Debtor shall not constitute payment until ELEMENT receives in cash the full amount thereof. Risk of loss of each item of Collateral supplied by ELEMENT shall pass to the Debtor upon delivery thereof to the Debtor.

- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of ELEMENT;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests;
- (e) it shall not change its chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than inventory in transit) from the locations specified in Section 3.01(d), without the prior written consent of ELEMENT;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall deliver to ELEMENT, when required, the receipts and vouchers establishing such payment;
- (g) it shall keep proper books of account in accordance with sound accounting practice, shall furnish to ELEMENT any financial and personal information of the Debtor and any Guarantor as ELEMENT may from time to time require and it shall permit ELEMENT or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (h) it shall from time to time forthwith at the request of ELEMENT furnish to ELEMENT in writing all information required relating to the Collateral (including without limitation, descriptions of all motor vehicles and other "serial number" goods), and ELEMENT shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes ELEMENT shall have access to all premises occupied by the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (i) it shall not change its name or, if the Debtor is a corporation, shall not amalgamate with any other corporation without first giving notice to ELEMENT of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
- (j) it shall pay to ELEMENT forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of ELEMENT in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage and charge granted hereby and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.

ARTICLES THREE - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Representations and Warranties

The Debtor hereby represents and warrants to ELEMENT that:

- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, by-laws or other constituting documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party by or which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to ELEMENT is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to ELEMENT;
- (c) except as otherwise provided herein or disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others which rank prior to or pari passu with the security interest, assignment, mortgage and charge granted hereby; and
- (d) the Debtor's chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than inventory in transit) is that given in Section 7.06 of this Agreement, except as otherwise provided herein or disclosed in any schedule(s) hereto.

3.02 Covenants

The Debtor covenants with ELEMENT that:

- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;

3.03 The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear expected, and ELEMENT may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary and the cost of such inspection and repairs shall be payable by the Debtor to ELEMENT upon demand.

3.04 if the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by ELEMENT, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to ELEMENT and, if requested by ELEMENT, will cause such securities included in the Collateral to be registered in ELEMENT's name so that ELEMENT may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and ELEMENT will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of ELEMENT's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor waives all right to receive any such distribution after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by ELEMENT to the Debtor or its order as aforesaid shall be effective from and after the occurrence of



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an Event of Default, and upon the occurrence of an Event of Default the Debtor shall immediately surrender any such proxy to ELEMENT.

3.05 All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by ELEMENT and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of ELEMENT and any disposition or payment of the Obligations until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

ARTICLE FOUR - INSURANCE

4.01 INSURANCE

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral in any amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to ELEMENT. If any such policies of insurance contain a co-insurance clause, the Debtor shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies shall name ELEMENT as an additional insured and as a first loss payee thereof, as ELEMENT's interests may appear, and shall contain a clause requiring the insurer to give ELEMENT at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation or intended cancellation thereof. At ELEMENT's request, the Debtor shall furnish ELEMENT with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to ELEMENT that such insurance coverage is in effect, provided, however, that ELEMENT shall be under no duty to either ascertain the existence of or to examine such insurance policy or to advise the Debtor in the event such insurance coverage shall not comply with the requirements hereof. The Debtor shall give ELEMENT notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, ELEMENT shall have the right, but not the obligation, without notice to or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforcement of this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by ELEMENT in performing such obligations shall be immediately due and payable to the Debtor and, until paid, such amounts shall be added to and form part of the Obligations secured hereunder. The Debtor will, at its expense, make all proofs of loss and take all other steps necessary to recover insurance benefits unless advised in writing by ELEMENT that ELEMENT desires so to do at the Debtor's expense. If the Debtor fails to recover the insurance benefits within a reasonable time or if ELEMENT notifies the Debtor in writing of ELEMENT's desire to recover such insurance benefits directly, then the Debtor hereby appoints ELEMENT, with full power of substitution, as the Debtor's lawful attorney for all such purposes, including the execution and endorsement of all documents, cheques or drafts for loss or damage under any applicable insurance policies. Proceeds of the insurance shall at the option of ELEMENT be disbursed by ELEMENT against satisfactory invoices for repair or replacement of the Collateral, or be retained by ELEMENT for application against the Obligations, and if the proceeds received are less than the loss value of the Collateral lost, the Debtor shall immediately pay to ELEMENT the amount of such deficiency. The total or partial loss of the Collateral or its use or possession shall not relieve the Debtor from its Obligations.

ARTICLE FIVE - DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor shall not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of ELEMENT, except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage and charge granted hereby and, subject to Section 5.02, collect Receivables in the ordinary course of its business.

5.02 Notification of Account Debtors

Before or after an Event of Default occurs, ELEMENT may give notice of this Agreement and the security granted hereby to any account debtors

of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to ELEMENT. Any payments or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by ELEMENT shall be held by the Debtor in trust for ELEMENT and paid over to ELEMENT on request.

5.03 Application of Funds

Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ELEMENT in respect of the Collateral may be applied on account of such parts of the Obligations as ELEMENT in its sole discretion may determine, or may be held unappropriated in a collateral account, or in the discretion of ELEMENT may be released to the Debtor, all without prejudice to ELEMENT's rights against the Debtor.

ARTICLE SIX - DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor shall be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor fails to pay to ELEMENT all or any part of the Obligations when due;
- (b) the Debtor fails to observe or perform any covenant or other obligation of the Debtor contained in this Agreement (other than a covenant or obligation specifically dealt with elsewhere in this Section 6.01);
- (c) any representation or warranty made by the Debtor or any Guarantor to ELEMENT in connection with the entering into of this Agreement or any statement in any document, agreement or certificate furnished at any time to ELEMENT in connection herewith proves to have been untrue, incorrect or misleading when made or furnished;
- (d) the Debtor, any Guarantor or any affiliate thereof is in default under any other agreement or obligation now existing or hereinafter entered into with ELEMENT or any affiliate of ELEMENT whether any of Debtor, such Guarantor or such affiliate is bound alone or with others;
- (e) the Debtor or any Guarantor ceases or threatens to cease to carry on the business currently being carried on by it or disposes of all or substantially all of its property;
- (f) the Debtor or any Guarantor becomes insolvent (within the meaning of the Bankruptcy and Insolvency Act) or commits or threatens to commit an act of bankruptcy or if a petition in bankruptcy, proposal, arrangement or reorganization under the Bankruptcy and Insolvency Act, Winding-up and Restructuring Act or Companies' Creditors Arrangement Act is filed by or against the Debtor or any Guarantor or if a trustee, receiver or receiver-manager or other similar official is appointed for Debtor or any Guarantor or a substantial part of Debtor's or any Guarantor's property;
- (g) if Debtor is a corporation, there is any change in its effective control without ELEMENT's prior written consent;
- (h) the Collateral or any part thereof is seized, forfeited or confiscated or otherwise attached by anyone pursuant to any legal process or other means;
- (i) an encumbrancer or any other party takes possession of a substantial part of the Debtor's or any Guarantor's property;
- (j) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the security interest, assignment, mortgage or charge granted by this Agreement;
- (k) ELEMENT believes in good faith that the payment of the Obligations or the performance or observance of any covenant herein is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process or otherwise; or
- (l) Debtor or any Guarantor dies or becomes mentally incompetent, if an individual, or is dissolved, or amalgamated or wound up if Debtor or such Guarantor is a corporation.

6.02 Remedies

1. Upon the occurrence of any Event of Default and at any time thereafter, ELEMENT shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively



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and all of which may be exercised by ELEMENT directly or through agents or nominees:

- (a) any or all of the Obligations shall at the option of ELEMENT become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of ELEMENT to make further advances to the Debtor shall cease; and any or all security granted hereby shall, at the option of ELEMENT, become immediately enforceable;
 - (b) ELEMENT may appoint any person to be a Receiver of the Debtor or any or all of the Collateral and may remove any Receiver so appointed and appoint another if ELEMENT so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all the powers as may be provided for in the instrument of appointment or any supplemental instrument, as well as all the powers of ELEMENT hereunder, and in addition, shall have the power to carry on the business of the Debtor;
 - (c) ELEMENT may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to ELEMENT at such place or places as may be specified by ELEMENT;
 - (d) ELEMENT may carry on or concur in the carrying on of all or any part of the business of the Debtor;
 - (e) ELEMENT may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
 - (f) ELEMENT may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as ELEMENT may determine and without notice to the Debtor unless required by law;
 - (g) ELEMENT may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
 - (h) ELEMENT may apply to a court of competent jurisdiction for the appointment of a receiver or a receiver and manager of the Debtor or of any or all of the Collateral; and
 - (i) ELEMENT may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral.
2. The Debtor further agrees with ELEMENT that:
- (a) ELEMENT shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Collateral or for the purpose of preserving any rights of ELEMENT, the Debtor or any other person in respect of the Collateral;
 - (b) ELEMENT may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as ELEMENT may see fit without prejudice to the liability of the Debtor to ELEMENT or ELEMENT's rights hereunder;
 - (c) To facilitate the realization of the Collateral, ELEMENT may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as ELEMENT requires, free of charge, and ELEMENT shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (d) ELEMENT may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured; and
 - (e) Any process of realization of the Collateral may be applied by ELEMENT to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement and any

- balance of such proceeds shall be applied by ELEMENT to payment of the Obligations in such order as ELEMENT may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom ELEMENT has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall be liable to pay any deficiency to ELEMENT forthwith on demand.
3. If Debtor is a medical practitioner, dentist or pharmacist, then and only then, Debtor further agrees, in addition to and not in lieu of any of the foregoing:
- (a) to deliver the Books and Records described in Section 2.01(i), upon the request of ELEMENT, to an individual designated by ELEMENT who is qualified and licensed to carry on his/her Practice (as defined below); and
 - (b) not to carry on a Practice or attempt to contrive to carry on his/her Practice, directly or indirectly, individually or in partnership or for a corporation as principal, agent, director or officer or in any other manner whatsoever or permit his/her name to be used or employed in any Practice, without the written consent of ELEMENT, for:
 - i. a period of time of three years (or, if such period of time is not permitted by applicable law, the longest period of time that is permitted by applicable law), from the date of the Event of Default, and
 - ii. a geographic area that is within a 5 kilometre radius (or, if such geographic area is not permitted by applicable law, the largest geographical area that is permitted by applicable law) of the premises at which the Debtor's Practice was carried out prior to the Event of Default.
- For a medical practitioner or dentist, "Practice" means practicing the prevention, diagnosis, treatment of medical diseases and injuries and malfunctions of the teeth, jaws and mouth, and for a pharmacist, "Practice" means the preparation and dispensing of pharmaceuticals.

ARTICLE SEVEN - GENERAL

7.01 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of ELEMENT. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, and their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.02 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ELEMENT with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between ELEMENT and the Debtor except as expressly set forth herein.

7.03 No Waiver

No delay or failure by ELEMENT in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.05 Further Assistance

The Debtor will from time to time forthwith at the request of ELEMENT and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements, schedules and further assignments, transfers, documents, acts, matters, things and assurances as may be reasonably required by ELEMENT to effectively carry out the full intent and meaning of this Agreement or to better evidence, perfect and preserve the security



GENERAL SECURITY AGREEMENT

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4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

interest, assignment, mortgage and charge granted hereby. The Debtor hereby irrevocably constitutes and appoints ELEMENT, or any Receiver appointed by a court of competent jurisdiction or ELEMENT, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever ELEMENT or any such Receiver may consider it to be necessary or desirable, and the Debtor agrees to ratify and confirm all such acts of the said attorney lawfully done. The Debtor shall pay all costs for searches and filings in connection with the registration, perfection and continuation of the security granted hereunder.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by facsimile transmission, addressed to the recipient as follows:

(c) To the Debtor:
227518 Ontario Inc.
200-4256 Bathurst Street
Toronto, Ontario
M3H 5Y8

Fax No.: _____

(d) To ELEMENT FINANCIAL INC:
4 Robert Speck Pkwy, Ste 900
Mississauga, Ontario L4Z 1S1
Fax No.: (888) 772-8129

or such other address, facsimile number or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system and might affect the delivery of mail, any such demand, notice or other communication shall not be mailed by shall be given by personal delivery or by facsimile transmission.

7.07 Modification

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties. The rights of ELEMENT under this Agreement may be assigned by ELEMENT without

the consent of the Debtor, free of any set-off, counter-claim or equities between the Debtor and ELEMENT, and the Debtor shall not assert against any assignee of ELEMENT any claim or defence that the Debtor has against ELEMENT. The Debtor may not assign its obligations under this Agreement.

7.08 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by ELEMENT and this Agreement is a continuing agreement and the security shall remain in full force and effect until discharged by ELEMENT.

7.09 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by ELEMENT.

7.10 Governing Law

This Agreement shall, for the purpose of determining the validity and enforceability of ELEMENT's security interest in the Collateral and its remedies upon a default, be governed by and construed in accordance with the laws of the jurisdiction where (i) the Debtor is located with respect to that part of the Collateral that is inventory leased or held for lease to others or Collateral that is an intangible or Collateral that is normally used in more than one jurisdiction; and (ii) the laws of the jurisdiction where the Collateral is located in all other cases. For all other purposes, this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

7.11 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted by law, hereby waives and renounces such right and exonerates ELEMENT from the obligation to provide such copies or verification statements thereto.

7.12 Attachment

The Debtor confirms that value has been given by ELEMENT to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ELEMENT have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created by this Agreement to any of the Collateral. The security interest, assignment, mortgage and charge created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige ELEMENT to advance any funds or any additional funds.

2527218 ONTARIO INC.
(DEBTOR)

I have authority to bind the corporation

Signature: x 

Name: Daniel Diena

Title: Director

ELEMENT FINANCIAL INC
(ELEMENT)

Signature: 

Name: Ben Wyatt

Title: Vice-President, Operations

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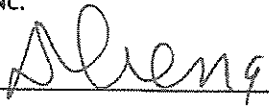
GENERAL SECURITY AGREEMENT

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

CERTIFICATE OF OFFICER

The undersigned, Daniel Diena, Director of 2527218 Ontario Inc. (the "Corporation") hereby certifies to Element Financial Inc, its successors and assigns, that the foregoing General Security Agreement and all ancillary documents (the "Agreements") were approved and executed by Daniel Diena, acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on September _____, 2016, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

2527218 ONTARIO INC.

Signature: * 

Name: Daniel Diena

Title: Director

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

THIS AGREEMENT made as of this 29 day of March, 2017

BY Dumopharm Inc., a corporation incorporated under the laws of Ontario (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst St., Toronto, Ontario, M3H 5Y8

ISSUED IN FAVOUR OF: ECN FINANCIAL INC ("ECN")

WHEREAS the Debtor has agreed to provide a guarantee of the obligations of 2345760 Ontario Inc. to ECN

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all its obligations to ECN, the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements here in contained the debtor agrees with ECN as follows:

ARTICLE ONE - INTERPRETATION

1.01 Interpretation

1. In this Agreement, unless something in the subject matter or context is inconsistent therewith,
 - (a) "Agreement" means this General Security Agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;
 - (b) "Collateral" has the meaning attributed thereto in Section 2.01, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;
 - (c) "Obligations" mean all obligations of the Debtor to ECN including, without limiting the generality of the foregoing, all debts, liabilities, and indebtedness, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to ECN or remaining unpaid by the Debtor to ECN and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between ECN and the Debtor or from other dealings or proceedings by which ECN may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, and other costs, charges and expenses;
 - (d) "Receiver" means any of a receiver or receiver and manager appointed by ECN pursuant to this Agreement;
 - (e) "Guarantor" means any guarantor of the Obligations; and
 - (f) the terms "accession", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meaning given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.
 2. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.
 3. In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.
- 2.01 Security
- As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to ECN a security interest in the present and future undertaking and property, both real and personal, and wherever located, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns the Collateral to ECN and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to ECN. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, or be entitled to in all property of the following kinds:
- (a) Accounts receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
 - (b) Inventory: all inventory or whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "inventory");
 - (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not inventory (collectively, the "Equipment");
 - (d) Chattel Paper: all chattel paper;
 - (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
 - (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments;
 - (g) Intangibles: all intangibles not described in Section 2.01(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
 - (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
 - (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.01(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including without limitation, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
 - (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.01(a) to (i) inclusive;
 - (k) Proceeds: all proceeds to the property described in Sections 2.01(a) to (i) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property; and
 - (l) All property described in schedule(s) now or hereafter attached hereto.
- 2.02 In addition, the Debtor hereby charges in favour of ECN, as and by way of a floating charge, its undertaking and all property and assets, real and personal, movable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Debtor now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to the specific mortgage and charge and subject to the exceptions hereinafter contained);
- 2.03 Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:

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- (a) any consumer goods;
- (b) the last day of the term of any lease or any agreement for lease of real property now held or hereafter acquired by the Debtor, but should ECN enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust for ECN and shall assign the same as ECN shall direct; or
- (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a part or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for ECN and shall assign such contractual rights to ECN forthwith upon obtaining the consent of the other party thereto or as directed by ECN. The Debtor agrees that it shall, upon the request of ECN, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage and charge granted hereby.
- 2.04 Property in and title to any item of Collateral supplied to the Debtor by ECN, or the acquisition of which has been financed by ECN, shall remain in ECN until the full purchase price of such item, together with interest, financing charges and other charges in respect thereof from time to time in effect, shall have been paid in full. Receipt by ECN of any instrument of or endorsed by the Debtor shall not constitute payment until ECN receives in cash the full amount thereof. Risk of loss of each item of Collateral supplied by ECN shall pass to the Debtor upon delivery thereof to the Debtor.

ARTICLES THREE - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Representations and Warranties

The Debtor hereby represents and warrants to ECN that:

- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, by-laws or other constituting documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party by or which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to ECN is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to ECN;
- (c) except as otherwise provided herein or disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others which rank prior to or pari passu with the security interest, assignment, mortgage and charge granted hereby; and the Debtor's chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than Inventory in transit) is that given in Section 7.06 of this Agreement, except as otherwise provided herein or disclosed in any schedule(s) hereto.

3.02 Covenants

The Debtor covenants with ECN that:

- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of ECN;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and,

- except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests;
- (e) it shall not change its chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than Inventory in transit) from the locations specified in Section 3.01(d), without the prior written consent of ECN;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall deliver to ECN, when required, the receipts and vouchers establishing such payment;
- (g) it shall keep proper books of account in accordance with sound accounting practice, shall furnish to ECN any financial and personal information of the Debtor and any Guarantor as ECN may from time to time require and it shall permit ECN or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (h) it shall from time to time forthwith at the request of ECN furnish to ECN in writing all information required relating to the Collateral (including without limitation, descriptions of all motor vehicles and other "serial number" goods), and ECN shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes ECN shall have access to all premises occupied by the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (i) it shall not change its name or, if the Debtor is a corporation, shall not amalgamate with any other corporation without first giving notice to ECN of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
- (j) it shall pay to ECN forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of ECN in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage and charge granted hereby and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.

3.03 The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear expected, and ECN may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary and the cost of such inspection and repairs shall be payable by the Debtor to ECN upon demand.

3.04 If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by ECN, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to ECN and, if requested by ECN, will cause such securities included in the Collateral to be registered in ECN's name so that ECN may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and ECN will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of ECN's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor waives all right to receive any such distribution after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by ECN to the Debtor or its order as aforesaid shall be effective from and after the occurrence of an Event of Default, and upon the occurrence of an Event of Default the Debtor shall immediately surrender any such proxy to ECN.

3.05 All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by ECN and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
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ECN and any disposition or payment of the Obligations until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

ARTICLE FOUR - INSURANCE 4.01 INSURANCE

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral in any amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to ECN. If any such policies of insurance contain a co-insurance clause, the Debtor shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies shall name ECN as an additional insured and as a first loss payee thereof, as ECN's interests may appear, and shall contain a clause requiring the insurer to give ECN at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation or intended cancellation thereof. At ECN's request, the Debtor shall furnish ECN with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to ECN that such insurance coverage is in effect, provided, however, that ECN shall be under no duty to either ascertain the existence of or to examine such insurance policy or to advise the Debtor in the event such insurance coverage shall not comply with the requirements hereof. The Debtor shall give ECN notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, ECN shall have the right, but not the obligation, without notice to or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforcement of this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by ECN in performing such obligations shall be immediately due and payable to the Debtor and, until paid, such amounts shall be added to and form part of the Obligations secured hereunder. The Debtor will, at its expense, make all proofs of loss and take all other steps necessary to recover insurance benefits unless advised in writing by ECN that ECN desires so to do at the Debtor's expense. If the Debtor fails to recover the insurance benefits within a reasonable time or if ECN notifies the Debtor in writing of ECN's desire to recover such insurance benefits directly, then the Debtor hereby appoints ECN, with full power of substitution, as the Debtor's lawful attorney for all such purposes, including the execution and endorsement of all documents, cheques or drafts for loss or damage under any applicable insurance policies. Proceeds of the insurance shall at the option of ECN be disbursed by ECN against satisfactory invoices for repair or replacement of the Collateral, or be retained by ECN for application against the Obligations, and if the proceeds received are less than the loss value of the Collateral lost, the Debtor shall immediately pay to ECN the amount of such deficiency. The total or partial loss of the Collateral or its use or possession shall not relieve the Debtor from its Obligations.

ARTICLE FIVE - DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor shall not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of ECN, except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of Inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage and charge granted hereby and, subject to Section 5.02, collect Receivables in the ordinary course of its business.

5.02 Notification of Account Debtors

Before or after an Event of Default occurs, ECN may give notice of this Agreement and the security granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to ECN. Any payments or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by ECN shall be held by the Debtor in trust for ECN and paid over to ECN on request.

5.03 Application of Funds

Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ECN in respect of the Collateral may be applied on account of such parts of the Obligations as ECN in its sole discretion may determine, or may be held unappropriated in a collateral account, or in the discretion of ECN may be released to the Debtor, all without prejudice to ECN's rights against the Debtor.

ARTICLE SIX - DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor shall be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor fails to pay to ECN all or any part of the Obligations when due;
- (b) the Debtor fails to observe or perform any covenant or other obligation of the Debtor contained in this Agreement (other than a covenant or obligation specifically dealt with elsewhere in this Section 6.01);
- (c) any representation or warranty made by the Debtor or any Guarantor to ECN in connection with the entering into of this Agreement or any statement in any document, agreement or certificate furnished at any time to ECN in connection herewith proves to have been untrue, incorrect or misleading when made or furnished;
- (d) the Debtor, any Guarantor or any affiliate thereof is in default under any other agreement or obligation now existing or hereinafter entered into with ECN or any affiliate of ECN whether any of Debtor, such Guarantor or such affiliate is bound alone or with others;
- (e) the Debtor or any Guarantor ceases or threatens to cease to carry on the business currently being carried on by it or disposes of all or substantially all of its property;
- (f) the Debtor or any Guarantor becomes insolvent (within the meaning of the Bankruptcy and Insolvency Act) or commits or threatens to commit an act of bankruptcy or if a petition in bankruptcy, proposal, arrangement or reorganization under the Bankruptcy and Insolvency Act, Winding-up and Restructuring Act or Companies' Creditors Arrangement Act is filed by or against the Debtor or any Guarantor or if a trustee, receiver or receiver-manager or other similar official is appointed for Debtor or any Guarantor or a substantial part of Debtor's or any Guarantor's property;
- (g) if Debtor is a corporation, there is any change in its effective control without ECN's prior written consent;
- (h) the Collateral or any part thereof is seized, forfeited or confiscated or otherwise attached by anyone pursuant to any legal process or other means;
- (i) an encumbrancer or any other party takes possession of a substantial part of the Debtor's or any Guarantor's property;
- (j) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the security interest, assignment, mortgage or charge granted by this Agreement;
- (k) ECN believes in good faith that the payment of the Obligations or the performance or observance of any covenant herein is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process or otherwise; or
- (l) Debtor or any Guarantor dies or becomes mentally incompetent, if an individual, or is dissolved, or amalgamated or wound up if Debtor or such Guarantor is a corporation.

6.02 Remedies

1. Upon the occurrence of any Event of Default and at any time thereafter, ECN shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively and all of which may be exercised by ECN directly or through agents or nominees:
 - (a) any or all of the Obligations shall at the option of ECN become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of ECN to make further advances to the Debtor shall cease;

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- and any or all security granted hereby shall, at the option of ECN, become immediately enforceable;
- (b) ECN may appoint any person to be a Receiver of the Debtor or any or all of the Collateral and may remove any Receiver so appointed and appoint another if ECN so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all the powers as may be provided for in the instrument of appointment or any supplemental instrument, as well as all the powers of ECN hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (c) ECN may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to ECN at such place or places as may be specified by ECN;
- (d) ECN may carry on or concur in the carrying on of all or any part of the business of the Debtor;
- (e) ECN may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
- (f) ECN may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as ECN may determine and without notice to the Debtor unless required by law;
- (g) ECN may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
- (h) ECN may apply to a court of competent jurisdiction for the appointment of a receiver or a receiver and manager of the Debtor or of any or all of the Collateral; and
- (i) ECN may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral.
2. The Debtor further agrees with ECN that:
- (a) ECN shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Collateral or for the purpose of preserving any rights of ECN, the Debtor or any other person in respect of the Collateral;
- (b) ECN may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as ECN may see fit without prejudice to the liability of the Debtor to ECN or ECN's rights hereunder;
- (c) To facilitate the realization of the Collateral, ECN may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as ECN requires, free of charge, and ECN shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
- (d) ECN may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured; and
- (e) Any process of realization of the Collateral may be applied by ECN to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement and any balance of such proceeds shall be applied by ECN to payment of the Obligations in such order as ECN may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor or whom ECN has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall be liable to pay any deficiency to ECN forthwith on demand.
3. If Debtor is a medical practitioner, dentist or pharmacist, then and only then, Debtor further agrees, in addition to and not in lieu of any of the foregoing:
- (a) to deliver the Books and Records described in Section 2.01(f), upon the request of ECN, to an individual designated by ECN who is qualified and licensed to carry on his/her Practice (as defined below); and
- (b) not to carry on a Practice or attempt to contrive to carry on his/her Practice, directly or indirectly, individually or in partnership or for a corporation as principal, agent, director or officer or in any other manner whatsoever or permit his/her name to be used or employed in any Practice, without the written consent of ECN, for:
- i. a period of time of three years (or, if such period of time is not permitted by applicable law, the longest period of time that is permitted by applicable law), from the date of the Event of Default, and
- ii. a geographic area that is within a 5 kilometre radius (or, if such geographic area is not permitted by applicable law, the largest geographical area that is permitted by applicable law) of the premises at which the Debtor's Practice was carried out prior to the Event of Default.
- For a medical practitioner or dentist, "Practice" means practicing the prevention, diagnosis, treatment of medical diseases and injuries and malfunctions of the teeth, jaws and mouth, and for a pharmacist, "Practice" means the preparation and dispensing of pharmaceuticals.

ARTICLE SEVEN - GENERAL**7.01 Benefit of the Agreement**

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of ECN. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, and their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.02 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ECN with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between ECN and the Debtor except as expressly set forth herein.

7.03 No Waiver

No delay or failure by ECN in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.05 Further Assistance

The Debtor will from time to time forthwith at the request of ECN and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements, schedules and further assignments, transfers, documents, acts, matters, things and assurances as may be reasonably required by ECN to effectively carry out the full intent and meaning of this Agreement or to better evidence, perfect and preserve the security interest, assignment, mortgage and charge granted hereby. The Debtor hereby irrevocably constitutes and appoints ECN, or any Receiver appointed by a court of competent jurisdiction or ECN, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever ECN or any such Receiver may consider it to be necessary or desirable, and the Debtor agrees to ratify and confirm all such acts of the said attorney lawfully done. The Debtor shall pay all costs for searches and

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filings in connection with the registration, perfection and continuation of the security granted hereunder.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by facsimile transmission, addressed to the recipient as follows:

- (c) To the Debtor:
Dumopharm Inc.
200-4256 Bathurst Street
Toronto, Ontario
M3H 5Y8

Fax No.: _____

- (d) To ECN FINANCIAL INC:
4 Robert Speck Pkwy, Ste 900
Mississauga, Ontario L4Z 1S1
Fax No.: (888) 772-8129
or such other address, facsimile number or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system and might affect the delivery of mail, any such demand, notice or other communication shall not be mailed by shall be given by personal delivery or by facsimile transmission.

7.07 Modification

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties. The rights of ECN under this Agreement may be assigned by ECN without the consent of the Debtor, free of any set-off, counter-claim or equities between the Debtor and ECN, and the Debtor shall not assert against any assignee of ECN any claim or defence that the Debtor has

against ECN. The Debtor may not assign its obligations under this Agreement.

7.08 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by ECN and this Agreement is a continuing agreement and the security shall remain in full force and effect until discharged by ECN.

7.09 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by ECN.

7.10 Governing Law

This Agreement shall, for the purpose of determining the validity and enforceability of ECN's security interest in the Collateral and its remedies upon a default, be governed by and construed in accordance with the laws of the jurisdiction where (i) the Debtor is located with respect to that part of the Collateral that is inventory leased or held for lease to others or Collateral that is an intangible or Collateral that is normally used in more than one jurisdiction; and (ii) the laws of the jurisdiction where the Collateral is located in all other cases. For all other purposes, this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

7.11 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted by law, hereby waives and renounces such right and exonerates ECN from the obligation to provide such copies or verification statements thereto.

7.12 Attachment

The Debtor confirms that value has been given by ECN to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ECN have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created by this Agreement to any of the Collateral. The security interest, assignment, mortgage and charge created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige ECN to advance any funds or any additional funds.

**DUMOPHARM INC.
(DEBTOR)**

I have authority to bind the corporation

Signature: _____ 

Name: Dani Diena

Title: Director

**ECN FINANCIAL INC
(ECN)**

Signature: _____ 

Name: Ben Wyett

Title: Vice-President, Operations



GENERAL SECURITY AGREEMENT

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Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

CERTIFICATE OF OFFICER

The undersigned, Dani Diena, Director of Dumopharm Inc. (the "Corporation") hereby certifies to ECN Financial Inc, its successors and assigns, that the foregoing General Security Agreement and all ancillary documents (the "Agreements") were approved and executed by Dani Diena, acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on March 29, 2017, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

DUMOPHARM INC.

Signature: x 

Name: Dani Diena

Title: Director

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 Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

THIS AGREEMENT made as of this 12th day of September, 2016.

BY 2527475 Ontario Inc., a corporation incorporated under the laws of Ontario (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst St., Toronto, Ontario, M3H 5Y8

ISSUED IN FAVOUR OF: ELEMENT FINANCIAL INC ("ELEMENT")

WHEREAS the Debtor has agreed to provide a guarantee of the obligations of 2345760 Ontario Inc. to Element

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all its obligations to Element, the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements here in contained the debtor agrees with Element as follows:

ARTICLE ONE - INTERPRETATION

1.01 Interpretation

1. In this Agreement, unless something in the subject matter or context is inconsistent therewith,
 - (a) "Agreement" means this General Security Agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;
 - (b) "Collateral" has the meaning attributed thereto in Section 2.01, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;
 - (c) "Obligations" mean all obligations of the Debtor to ELEMENT including, without limiting the generality of the foregoing, all debts, liabilities, and indebtedness, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to ELEMENT or remaining unpaid by the Debtor to ELEMENT and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between ELEMENT and the Debtor or from other dealings or proceedings by which ELEMENT may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, and other costs, charges and expenses;
 - (d) "Receiver" means any of a receiver or receiver and manager appointed by ELEMENT pursuant to this Agreement;
 - (e) "Guarantor" means any guarantor of the Obligations; and
 - (f) the terms "accession", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meaning given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.
2. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.
3. In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

ARTICLE TWO - GRANT OF SECURITY

2.01 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to ELEMENT a security interest in the present and future undertaking and property, both real and personal, and wherever located, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns

the Collateral to ELEMENT and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to ELEMENT. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, or be entitled to in all property of the following kinds:

- (a) Accounts receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) Inventory: all inventory or whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not inventory (collectively, the "Equipment");
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments;
- (g) Intangibles: all intangibles not described in Section 2.01(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.01(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including without limitation, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.01(a) to (i) inclusive;
- (k) Proceeds: all proceeds to the property described in Sections 2.01(a) to (i) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property; and
- (l) All property described in schedule(s) now or hereafter attached hereto.

2.02 In addition, the Debtor hereby charges in favour of ELEMENT, as and by way of a floating charge, its undertaking and all property and assets, real and personal, movable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Debtor now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to the specific mortgage and charge and subject to the exceptions hereinafter contained);

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- 2.03 Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:
- (a) any consumer goods;
 - (b) the last day of the term of any lease or any agreement for lease of real property now held or hereafter acquired by the Debtor, but should ELEMENT enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust for ELEMENT and shall assign the same as ELEMENT shall direct; or
 - (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a part or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for ELEMENT and shall assign such contractual rights to ELEMENT forthwith upon obtaining the consent of the other party thereto or as directed by ELEMENT. The Debtor agrees that it shall, upon the request of ELEMENT, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage and charge granted hereby.
- 2.04 Property in and title to any item of Collateral supplied to the Debtor by ELEMENT, or the acquisition of which has been financed by ELEMENT, shall remain in ELEMENT until the full purchase price of such item, together with interest, financing charges and other charges in respect thereof from time to time in effect, shall have been paid in full. Receipt by ELEMENT of any instrument of or endorsed by the Debtor shall not constitute payment until ELEMENT receives in cash the full amount thereof. Risk of loss of each item of Collateral supplied by ELEMENT shall pass to the Debtor upon delivery thereof to the Debtor.

- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of ELEMENT;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests;
- (e) it shall not change its chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than inventory in transit) from the locations specified in Section 3.01(d), without the prior written consent of ELEMENT;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall deliver to ELEMENT, when required, the receipts and vouchers establishing such payment;
- (g) it shall keep proper books of account in accordance with sound accounting practice, shall furnish to ELEMENT any financial and personal information of the Debtor and any Guarantor as ELEMENT may from time to time require and it shall permit ELEMENT or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (h) it shall from time to time forthwith at the request of ELEMENT furnish to ELEMENT in writing all information required relating to the Collateral (including without limitation, descriptions of all motor vehicles and other "serial number" goods), and ELEMENT shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes ELEMENT shall have access to all premises occupied by the Debtor to examine the books of account and other financial records and to make copies thereof and take extracts therefrom;
- (i) it shall not change its name or, if the Debtor is a corporation, shall not amalgamate with any other corporation without first giving notice to ELEMENT of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
- (j) it shall pay to ELEMENT forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of ELEMENT in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage and charge granted hereby and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.

ARTICLES THREE - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Representations and Warranties

The Debtor hereby represents and warrants to ELEMENT that:

- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, by-laws or other constituting documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party by or which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to ELEMENT is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to ELEMENT;
- (c) except as otherwise provided herein or disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others which rank prior to or pari passu with the security interest, assignment, mortgage and charge granted hereby; and
- (d) the Debtor's chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than inventory in transit) is that given in Section 7.06 of this Agreement, except as otherwise provided herein or disclosed in any schedule(s) hereto.

3.02 Covenants

The Debtor covenants with ELEMENT that:

- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;

3.03 The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear expected, and ELEMENT may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary and the cost of such inspection and repairs shall be payable by the Debtor to ELEMENT upon demand.

3.04 If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by ELEMENT, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to ELEMENT and, if requested by ELEMENT, will cause such securities included in the Collateral to be registered in ELEMENT's name so that ELEMENT may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and ELEMENT will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of ELEMENT's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor waives all right to receive any such distribution after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by ELEMENT to the Debtor or its order as aforesaid shall be effective from and after the occurrence of

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an Event of Default, and upon the occurrence of an Event of Default the Debtor shall immediately surrender any such proxy to ELEMENT.

3.05 All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by ELEMENT and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of ELEMENT and any disposition or payment of the Obligations until repayment and performance in full of the Obligations and termination of all rights of the Debtor that, if exercised, would result in the existence of Obligations.

ARTICLE FOUR - INSURANCE
4.01 INSURANCE

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral in any amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to ELEMENT. If any such policies of insurance contain a co-insurance clause, the Debtor shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies shall name ELEMENT as an additional insured and as a first loss payee thereof, as ELEMENT's interests may appear, and shall contain a clause requiring the insurer to give ELEMENT at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation or intended cancellation thereof. At ELEMENT's request, the Debtor shall furnish ELEMENT with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to ELEMENT that such insurance coverage is in effect, provided, however, that ELEMENT shall be under no duty to either ascertain the existence of or to examine such insurance policy or to advise the Debtor in the event such insurance coverage shall not comply with the requirements hereof. The Debtor shall give ELEMENT notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, ELEMENT shall have the right, but not the obligation, without notice to or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforcement of this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by ELEMENT in performing such obligations shall be immediately due and payable to the Debtor and, until paid, such amounts shall be added to and form part of the Obligations secured hereunder. The Debtor will, at its expense, make all proofs of loss and take all other steps necessary to recover insurance benefits unless advised in writing by ELEMENT that ELEMENT desires so to do at the Debtor's expense. If the Debtor fails to recover the insurance benefits within a reasonable time or if ELEMENT notifies the Debtor in writing of ELEMENT's desire to recover such insurance benefits directly, then the Debtor hereby appoints ELEMENT, with full power of substitution, as the Debtor's lawful attorney for all such purposes, including the execution and endorsement of all documents, cheques or drafts for loss or damage under any applicable insurance policies. Proceeds of the insurance shall at the option of ELEMENT be disbursed by ELEMENT against satisfactory invoices for repair or replacement of the Collateral, or be retained by ELEMENT for application against the Obligations, and if the proceeds received are less than the loss value of the Collateral lost, the Debtor shall immediately pay to ELEMENT the amount of such deficiency. The total or partial loss of the Collateral or its use or possession shall not relieve the Debtor from its Obligations.

ARTICLE FIVE - DEALING WITH COLLATERAL
5.01 Dealing with Collateral by the Debtor

The Debtor shall not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of ELEMENT, except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage and charge granted hereby and, subject to Section 5.02, collect Receivables in the ordinary course of its business.

5.02 Notification of Account Debtors

Before or after an Event of Default occurs, ELEMENT may give notice of this Agreement and the security granted hereby to any account debtors

of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to ELEMENT. Any payments or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by ELEMENT shall be held by the Debtor in trust for ELEMENT and paid over to ELEMENT on request.

5.03 Application of Funds

Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ELEMENT in respect of the Collateral may be applied on account of such parts of the Obligations as ELEMENT in its sole discretion may determine, or may be held unappropriated in a collateral account, or in the discretion of ELEMENT may be released to the Debtor, all without prejudice to ELEMENT's rights against the Debtor.

ARTICLE SIX - DEFAULT AND REMEDIES
6.01 Events of Default

The Debtor shall be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor fails to pay to ELEMENT all or any part of the Obligations when due;
- (b) the Debtor fails to observe or perform any covenant or other obligation of the Debtor contained in this Agreement (other than a covenant or obligation specifically dealt with elsewhere in this Section 6.01);
- (c) any representation or warranty made by the Debtor or any Guarantor to ELEMENT in connection with the entering into of this Agreement or any statement in any document, agreement or certificate furnished at any time to ELEMENT in connection herewith proves to have been untrue, incorrect or misleading when made or furnished;
- (d) the Debtor, any Guarantor or any affiliate thereof is in default under any other agreement or obligation now existing or hereinafter entered into with ELEMENT or any affiliate of ELEMENT whether any of Debtor, such Guarantor or such affiliate is bound alone or with others;
- (e) the Debtor or any Guarantor ceases or threatens to cease to carry on the business currently being carried on by it or disposes of all or substantially all of its property;
- (f) the Debtor or any Guarantor becomes insolvent (within the meaning of the Bankruptcy and Insolvency Act) or commits or threatens to commit an act of bankruptcy or if a petition in bankruptcy, proposal, arrangement or reorganization under the Bankruptcy and Insolvency Act, Winding-up and Restructuring Act or Companies' Creditors Arrangement Act is filed by or against the Debtor or any Guarantor or if a trustee, receiver or receiver-manager or other similar official is appointed for Debtor or any Guarantor or a substantial part of Debtor's or any Guarantor's property;
- (g) if Debtor is a corporation, there is any change in its effective control without ELEMENT's prior written consent;
- (h) the Collateral or any part thereof is seized, forfeited or confiscated or otherwise attached by anyone pursuant to any legal process or other means;
- (i) an encumbrance or any other party takes possession of a substantial part of the Debtor's or any Guarantor's property;
- (j) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the security interest, assignment, mortgage or charge granted by this Agreement;
- (k) ELEMENT believes in good faith that the payment of the Obligations or the performance or observance of any covenant herein is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process or otherwise; or
- (l) Debtor or any Guarantor dies or becomes mentally incompetent, if an individual, or is dissolved, or amalgamated or wound up if Debtor or such Guarantor is a corporation.

6.02 Remedies

1. Upon the occurrence of any Event of Default and at any time thereafter, ELEMENT shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
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and all of which may be exercised by ELEMENT directly or through agents or nominees:

- (a) any or all of the Obligations shall at the option of ELEMENT become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of ELEMENT to make further advances to the Debtor shall cease; and any or all security granted hereby shall, at the option of ELEMENT, become immediately enforceable;
 - (b) ELEMENT may appoint any person to be a Receiver of the Debtor or any or all of the Collateral and may remove any Receiver so appointed and appoint another if ELEMENT so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all the powers as may be provided for in the instrument of appointment or any supplemental instrument, as well as all the powers of ELEMENT hereunder, and in addition, shall have the power to carry on the business of the Debtor;
 - (c) ELEMENT may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to ELEMENT at such place or places as may be specified by ELEMENT;
 - (d) ELEMENT may carry on or concur in the carrying on of all or any part of the business of the Debtor;
 - (e) ELEMENT may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
 - (f) ELEMENT may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as ELEMENT may determine and without notice to the Debtor unless required by law;
 - (g) ELEMENT may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
 - (h) ELEMENT may apply to a court of competent jurisdiction for the appointment of a receiver or a receiver and manager of the Debtor or of any or all of the Collateral; and
 - (i) ELEMENT may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral.
2. The Debtor further agrees with ELEMENT that:
- (a) ELEMENT shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Collateral or for the purpose of preserving any rights of ELEMENT, the Debtor or any other person in respect of the Collateral;
 - (b) ELEMENT may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as ELEMENT may see fit without prejudice to the liability of the Debtor to ELEMENT or ELEMENT's rights hereunder;
 - (c) To facilitate the realization of the Collateral, ELEMENT may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as ELEMENT requires, free of charge, and ELEMENT shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (d) ELEMENT may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured; and
 - (e) Any process of realization of the Collateral may be applied by ELEMENT to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement and any

balance of such proceeds shall be applied by ELEMENT to payment of the Obligations in such order as ELEMENT may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom ELEMENT has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall be liable to pay any deficiency to ELEMENT forthwith on demand.

3. If Debtor is a medical practitioner, dentist or pharmacist, then and only then, Debtor further agrees, in addition to and not in lieu of any of the foregoing:
 - (a) to deliver the Books and Records described in Section 2.01(i), upon the request of ELEMENT, to an individual designated by ELEMENT who is qualified and licensed to carry on his/her Practice (as defined below); and
 - (b) not to carry on a Practice or attempt to contrive to carry on his/her Practice, directly or indirectly, individually or in partnership or for a corporation as principal, agent, director or officer or in any other manner whatsoever or permit his/her name to be used or employed in any Practice, without the written consent of ELEMENT, for:
 - i. a period of time of three years (or, if such period of time is not permitted by applicable law, the longest period of time that is permitted by applicable law), from the date of the Event of Default, and
 - ii. a geographic area that is within a 5 kilometre radius (or, if such geographic area is not permitted by applicable law, the largest geographical area that is permitted by applicable law) of the premises at which the Debtor's Practice was carried out prior to the Event of Default.

For a medical practitioner or dentist, "Practice" means practicing the prevention, diagnosis, treatment of medical diseases and injuries and malfunctions of the teeth, jaws and mouth, and for a pharmacist, "Practice" means the preparation and dispensing of pharmaceuticals.

ARTICLE SEVEN - GENERAL

7.01 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of ELEMENT. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, and their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.02 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ELEMENT with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between ELEMENT and the Debtor except as expressly set forth herein.

7.03 No Waiver

No delay or failure by ELEMENT in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.05 Further Assistance

The Debtor will from time to time forthwith at the request of ELEMENT and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements, schedules and further assignments, transfers, documents, acts, matters, things and assurances as may be reasonably required by ELEMENT to effectively carry out the full intent and meaning of this Agreement or to better evidence, perfect and preserve the security

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

interest, assignment, mortgage and charge granted hereby. The Debtor hereby irrevocably constitutes and appoints ELEMENT, or any Receiver appointed by a court of competent jurisdiction or ELEMENT, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever ELEMENT or any such Receiver may consider it to be necessary or desirable, and the Debtor agrees to ratify and confirm all such acts of the said attorney lawfully done. The Debtor shall pay all costs for searches and filings in connection with the registration, perfection and continuation of the security granted hereunder.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by facsimile transmission, addressed to the recipient as follows:

(c) To the Debtor:
2527475 Ontario Inc.
200-4256 Bathurst Street
Toronto, Ontario
M3H 5Y8

Fax No.: _____

(d) To ELEMENT FINANCIAL INC:
4 Robert Speck Pkwy, Ste 900
Mississauga, Ontario L4Z 1S1
Fax No.: (866) 772-8129
or such other address, facsimile number or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system and might affect the delivery of mail, any such demand, notice or other communication shall not be mailed by shall be given by personal delivery or by facsimile transmission.

7.07 Modification

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties. The rights of ELEMENT under this Agreement may be assigned by ELEMENT without

the consent of the Debtor, free of any set-off, counter-claim or equities between the Debtor and ELEMENT, and the Debtor shall not assert against any assignee of ELEMENT any claim or defence that the Debtor has against ELEMENT. The Debtor may not assign its obligations under this Agreement.

7.08 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by ELEMENT and this Agreement is a continuing agreement and the security shall remain in full force and effect until discharged by ELEMENT.

7.09 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by ELEMENT.

7.10 Governing Law

This Agreement shall, for the purpose of determining the validity and enforceability of ELEMENT's security interest in the Collateral and its remedies upon a default, be governed by and construed in accordance with the laws of the jurisdiction where (i) the Debtor is located with respect to that part of the Collateral that is inventory leased or held for lease to others or Collateral that is an intangible or Collateral that is normally used in more than one jurisdiction; and (ii) the laws of the jurisdiction where the Collateral is located in all other cases. For all other purposes, this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

7.11 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted by law, hereby waives and renounces such right and exonerates ELEMENT from the obligation to provide such copies or verification statements thereto.

7.12 Attachment

The Debtor confirms that value has been given by ELEMENT to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ELEMENT have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created by this Agreement to any of the Collateral. The security interest, assignment, mortgage and charge created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige ELEMENT to advance any funds or any additional funds.

2527475 ONTARIO INC.
(DEBTOR)

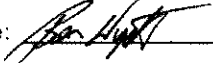
I have authority to bind the corporation

Signature: X 

Name: Daniel Diena

Title: Director

ELEMENT FINANCIAL INC
(ELEMENT)

Signature: 

Name: Ben Wyatt

Title: Vice-President, Operations

149

element

GENERAL SECURITY AGREEMENT

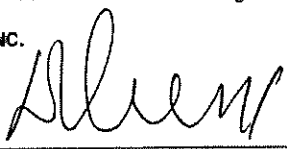
ThirdParties

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

CERTIFICATE OF OFFICER

The undersigned, Daniel Diena, Director of 2527475 Ontario Inc. (the "Corporation") hereby certifies to Element Financial Inc, its successors and assigns, that the foregoing General Security Agreement and all ancillary documents (the "Agreements") were approved and executed by Daniel Diena, acting on behalf of the Corporation, were authorized by resolution of the board of directors of the Corporation duly adopted at a valid meeting of the board of directors of the Corporation held on September 13, 2016, which resolution has not been amended or revoked and remains in full force and effect. I further certify that the signatures appearing on the Agreements are in fact the signatures of the persons so authorized.

2527475 ONTARIO INC.

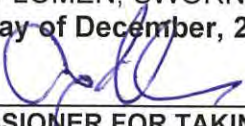
Signature: **X** 

Name: Daniel Diena

Title: Director

Tab J

**This is Exhibit "J" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

Currency Date: May 8, 2019

Summary of PPSA search results

Names Searched:

Grace Diena
2345760 Ontario Inc.
M. Blacher Drugs Ltd.
Family Health Pharmacy West Inc.
2501380 Ontario Inc.
2527218 Ontario Inc.
Dumopharm Inc.
2527475 Ontario Inc.

1. Grace Diena – 12 results found

Results of Personal Property Security Act (Ontario) Search

(a) 20170328 1404 1462 3660 (10 years)
(File No. 725998491)

Debtors: 1. 2345760 Ontario Inc.
2. 2275518 Ontario Inc.
3. Dumopharm Inc.
4. Rando Drugs Ltd.
5. Grace Diena (D.O.B. May 12, 1957)

Secured: ECN Financial Inc.
900-4 Robert Speck Parkway Mississauga ON L4Z1S1
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

(b) 20160915 1435 6083 5913 (10 years)
(File No. 720631188)

Debtor: Grace Diena (D.O.B. May 12, 1957)
Secured: Element Financial Inc.
4 Robert Speck Parkway, Suite 900 Mississauga ON L4Z 1S1
Collateral: Inventory, Equipment, Accounts, Other
Date of
Maturity: Sept 15, 2026

(c) 20160913 1630 6083 5840 (10 years)
(File No. 720557163)

Debtor: Grace Diena (D.O.B. May 12, 1957)
Secured: Element Financial Inc
 4 Robert Speck Parkway, Suite 900 Mississauga ON L4Z 1S1
 Collateral: Inventory, Equipment, Accounts, Other
 Date of
 Maturity: Sept 14, 2026

(d) 20160912 1001 1462 1993 (10 years)
 (File No. 720482121)

Debtors: 1. 2345760 Ontario Inc.
 2. 2275518 Ontario Inc.
 3. Rando Drugs Ltd.
 4. Dumopharm Inc.
 5. 2527218 Ontario Inc.
 6. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
 900-4 Robert Speck Parkway Mississauga ON L4Z1S1
 Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
 Amendment: 20160913 1402 1462 2906
 Reason: To add additional debtor
 Debtor: 7. 2527475 Ontario Inc.

(e) 20160223 1702 1462 7664 (10 years)
 (File No. 714239397)

Debtors: 1. 2345760 Ontario Inc.
 2. 2275518 Ontario Inc.
 3. Rando Drugs Ltd.
 4. M. Blacher Drugs Ltd.
 5. 2501380 Ontario Inc.
 6. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
 900-4 Robert Speck Parkway Mississauga ON L4Z1S1
 Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

(f) 20160121 1141 6083 9246 (10 years)
 (File No. 713474847)

Debtors: 1. 2275518 Ontario Inc.
 2. Rando Drugs Ltd.
 3. 2345760 Ontario Inc.
 4. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
 5 Robert Speck Parkway, Suite 900 Toronto ON L4Z 1S1

Collateral: Consumer Goods, Inventory, Equipment, Accounts, Other
Amount: \$725,848

Date of Maturity: Jan 15, 2026

General Collateral

Description: General and continuing security for payment and performance of the obligation. Elements to have security interest over all debtors undertakings and property both real and personal wherever located including accounts receivables, inventory, equipment, chattel paper, intangibles, money, books, records and proceeds of any kind or nature as defined by the GSA and otherwise

(g) 20160111 1006 1462 0085 (10 years)
(File No. 713204973)

- Debtors: 1. 2345760 Ontario Inc.
- 2. 2275518 Ontario Inc.
- 3. Rando Drugs Ltd.
- 4. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
900-4 Robert Speck Parkway Mississauga ON L4Z1S1

Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

(h) 20150604 1134 6005 1054 (5 years)
(File No. 706775346)

- Debtors: 1. 2275518 Ontario Inc.
- 2. Abira Healthcare
- 3. Rando Drugs Ltd.
- 4. Grace Diena (D.O.B. May 12, 1957)

Secured: National Leasing Group Inc.
1525 Buffalo Place Winnipeg MB R3T 1L9

Collateral: Equipment

General Collateral

Description: All physio/rehab equipment-treadmills of every nature or kind described in lease number 2697458, between the secured party, as lessor and the debtor as lessee, as amended from time to time, together with all attachments, accessories and substitutions.

(i) 20141231 1151 6005 7670 (5 years)
(File No. 702688356)

- Debtors: 1. 2275518 Ontario Inc.
- 2. Daniel D Diena (D.O.B. July 24, 1953)

- 3. Rando Drugs Ltd.
- 4. Grace Diena (D.O.B. May 12, 1957)
- 5. Abira Healthcare

Secured: National Leasing Group Inc.
1525 Buffalo Place Winnipeg MB R3T 1L9

Collateral: Equipment

General

Collateral

Description: All physio/rehab equipment-treadmills of every nature or kind described in lease number 2697458, between the secured party, as lessor and the debtor as lessee, as amended from time to time, together with all attachments, accessories and substitutions.

(j) 20140509 1411 1462 5689 (5 years)
(File No. 696017763)

- Debtors:
- 1. 2275518 Ontario Inc.
 - 2. Abira Healthcare
 - 3. Rando Drugs Ltd.
 - 4. Grace Diena (D.O.B. May 12, 1957)
 - 5. Daniel D Diena (D.O.B. July 24, 1953)

Secured: ADD Capital Corp.
500 Cochrane Drive, Unit 2 Markham ON L3R8E2

Collateral: Equipment, Other

General

Collateral

Description: The goods described herein, wherever situated, and all present and after-acquired intellectual property, intangibles, attachments, accessories and accessions thereto and spare parts, replacements, substitutions, exchanges and trade-ins therefore, and all rights, receivables and chattel paper derived from or evidencing the lease or rental thereof by the debtor to third parties, and all proceeds relating thereto. Proceeds- all of the debtor's present and after acquired personal property which is derived, directly or indirectly, from any dealing or disposition of the above-described collateral, including without limitation, all insurance and other payments payable as indemnity or compensation for loss or damage thereto, accounts, rents or other payments arising from the lease of the above-described collateral, goods, chattel paper, investment property, documents of title, instruments, money, cheques, deposits, securities and intangibles. And proceeds thereof

(k) 20130225 1709 1462 8571 (10 years)
(File No. 684889074)

- Debtors:
- 1. 2345670 Ontario Limited
 - 2. Rando Drugs Ltd.

- 3. 2275518 Ontario Inc.
- 4. Grace Diena (D.O.B. May 12, 1957)

Secured: **Element Financial Corporation**
 161 Bay Street, Suite 4600, Po Box 621 Toronto ON M5J2S1

Collateral: Inventory, Equipment, Accounts, Other

Amendment: 20130226 1405 1462 8820

Reason: Correcting business debtors name, should be 2345760 Ontario Inc.

Debtor: 2345760 Ontario Inc.

Amendment: 20140618 1711 1462 8539

Reason: Add additional secured party

Secured: **2. Stonebridge Lease Financing Corporation**
 1400 Cornwall Road, Suite 9 Oakville ON L6J 7W

Amendment: 20160226 1712 1462 9176

Reason: Add additional secured party

Secured: **3. Element Financial Inc.**
 900-4 Robert Speck Parkway Mississauga ON L4Z1S1

(I) 2011128 0843 1590 1936 (8 years)
 (File No. 674652249)

Debtor: Grace Diena (D.O.B. May 12, 1957)

Secured: **BDC Capital Inc.**
 121 King Street West, Suite 1200 Toronto ON M5H 3T9

Collateral: Accounts, Other

2. **2345760 Ontario Inc. – 8 results found**

Results of Personal Property Security Act (Ontario) Search

(a) **20170328 1404 1462 3660** (10 years)
(File No. 725998491)

Debtors: 1. 2345760 Ontario Inc.
2. 2275518 Ontario Inc.
3. Dumopharm Inc.
4. Rando Drugs Ltd.
5. Grace Diena (D.O.B. May 12, 1957)

Secured: ECN Financial Inc.
900-4 Robert Speck Parkway Mississauga ON L4Z1S1
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

(b) **20160915 1427 6083 5911** (10 years)
(File No. 720631071)

Debtor 2345760 Ontario Inc.
Secured: Elements Financial Inc.
4 Robert Speck Parkway, Suite 900 Mississauga, Ontario
ON L4Z 1S1
Collateral: Inventory, Equipment, Accounts, Other
Date of
Maturity: Sept 15, 2026

(c) **20160913 1613 6083 5839** (10 years)
(File No. 720556524)

Debtor 2345760 Ontario Inc.
Secured: Elements Financial Inc.
4 Robert Speck Parkway, Suite 900 Mississauga, Ontario
ON L4Z 1S1
Collateral: Inventory, Equipment, Accounts, Other
Date of
Maturity: Sept 14, 2026

(d) **20160912 1001 1462 1993** (10 years)
(File No. 720482121)

Debtors: 1. 2345760 Ontario Inc.
2. 2275518 Ontario Inc.
3. Rando Drugs Ltd.

- 4. Dumopharm Inc.
- 5. 2527218 Ontario Inc.
- 6. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
 900-4 Robert Speck Parkway Mississauga ON L4Z1S1
 Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
 Amendment: 20160913 1402 1462 2906
 Reason: To add additional debtor
 Debtor: 7. 2527475 Ontario Inc.

(e) 20160223 1702 1462 7664 (10 years)
 (File No. 714239397)

- Debtors:
- 1. 2345760 Ontario Inc.
 - 2. 2275518 Ontario Inc.
 - 3. Rando Drugs Ltd.
 - 4. M. Blacher Drugs Ltd.
 - 5. 2501380 Ontario Inc.
 - 6. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
 900-4 Robert Speck Parkway Mississauga ON L4Z1S1
 Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

(f) 20160121 1141 6083 9246 (10 years)
 (File No. 713474847)

- Debtors:
- 1. 2275518 Ontario Inc.
 - 2. Rando Drugs Ltd.
 - 3. 2345760 Ontario Inc.
 - 4. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
 5 Robert Speck Parkway, Suite 900 Toronto ON L4Z 1S1
 Collateral: Consumer Goods, Inventory, Equipment, Accounts, Other
 Amount: \$725,848
 Date of Maturity: Jan 15, 2026
 General Collateral

Description: General and continuing security for payment and performance of the obligation. Elements to have security interest over all debtors undertakings and property both real and personal wherever located including accounts receivables, inventory, equipment, chattel paper, intangibles, money, books, records and proceeds of any kind or nature as defined by the GSA and otherwise

(g) 20160111 1006 1462 0085 (10 years)

(File No. 713204973)

- Debtors: 1. 2345760 Ontario Inc.
- 2. 2275518 Ontario Inc.
- 3. Rando Drugs Ltd.
- 4. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
 900-4 Robert Speck Parkway Mississauga ON L4Z1S1

Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

(h) 20130225 1709 1462 8571 (10 years)
 (File No. 684889074)

- Debtors: 1. 2345670 Ontario Limited
- 2. Rando Drugs Ltd.
- 3. 2275518 Ontario Inc.
- 4. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Corporation
 161 Bay Street, Suite 4600, Po Box 621 Toronto ON M5J2S1

Collateral: Inventory, Equipment, Accounts, Other

Amendment: 20130226 1405 1462 8820

Reason: Correcting business debtors name, should be 2345760 Ontario Inc.

Debtor: 2345760 Ontario Inc.

Amendment: 20140618 1711 1462 8539

Reason: Add additional secured party

Secured: 2. Stonebridge Lease Financing Corporation
 1400 Cornwall Road, Suite 9 Oakville ON L6J 7W

Amendment: 20160226 1712 1462 9176

Reason: Add additional secured party

Secured: 3. Element Financial Inc.
 900-4 Robert Speck Parkway Mississauga ON L4Z1S1

3. **Family Health Pharmacy West Inc. (formerly M. Blacher Drugs Ltd.)**

Results of Personal Property Security Act (Ontario) Search

No families of registration found against Family Health Pharmacy West Inc.

One registration found against M. Blacher Drugs Ltd.

(a) 20160223 1702 1462 7664 (10 years)
(File No. 714239397)

- Debtors:
1. 2345760 Ontario Inc.
 2. 2275518 Ontario Inc.
 3. Rando Drugs Ltd.
 4. M. Blacher Drugs Ltd.
 5. 2501380 Ontario Inc.
 6. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
900-4 Robert Speck Parkway Mississauga ON L4Z1S1

Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

4. 2501380 Ontario Inc. – 3 results found

Results of Personal Property Security Act (Ontario) Search

(a) **20160301 1026 1590 4244** (5 years)
(File No. 714385161)

Debtor: 2501380 Ontario Inc.
Secured: 1. **Michael Blacher**
5151 Riverside Drive East, Unit 1001, Winsor, ON N8S 4R5
2. **Blacher Family Business Trust**
5151 Riverside Drive East, Unit 1001, Winsor, ON N8S 4R5
Collateral: Other
General
Collateral
Description: Share Pledge and Escrow Agreement – M. Blacher Drugs Ltd.

(b) **20160301 1028 1590 4245** (5 years)
(File No. 714385323)

Debtor: 2501380 Ontario Inc.
Secured: 1. **Michael Blacher**
5151 Riverside Drive East, Unit 1001, Winsor, ON N8S 4R5
2. **Blacher Family Business Trust**
5151 Riverside Drive East, Unit 1001, Winsor, ON N8S 4R5
Collateral: Inventory, Equipment, Accounts, Other
General
Collateral
Description: General Security Agreement

(c) **20160223 1702 1462 7664** (10 years)
(File No. 714239397)

Debtors: 1. 2345760 Ontario Inc.
2. 2275518 Ontario Inc.
3. Rando Drugs Ltd.
4. M. Blacher Drugs Ltd.
5. 2501380 Ontario Inc.
6. Grace Diena (D.O.B. May 12, 1957)
Secured: Element Financial Inc.
900-4 Robert Speck Parkway Mississauga ON L4Z1S1
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

5. 2527218 Ontario Inc. – 2 results found

Results of Personal Property Security Act (Ontario) Search

(a) **20160914 1058 6083 5851** (10 years)
(File No. 720574641)

Debtor 2527218 Ontario Inc.
Secured: Elements Financial Inc.
4 Robert Speck Parkway, Suite 900 Mississauga, Ontario
ON L4Z 1S1
Collateral: Inventory, Equipment, Accounts, Other
Date of
Maturity: Sept 14, 2026

(b) **20160912 1001 1462 1993** (10 years)
(File No. 720482121)

Debtors: 1. 2345760 Ontario Inc.
2. 2275518 Ontario Inc.
3. Rando Drugs Ltd.
4. Dumopharm Inc.
5. 2527218 Ontario Inc.
6. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
900-4 Robert Speck Parkway Mississauga ON L4Z1S1
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
Amendment: 20160913 1402 1462 2906
Reason: To add additional debtor
Debtor: 7. 2527475 Ontario Inc.

6. Dumopharm Inc. – 2 results found

Results of Personal Property Security Act (Ontario) Search

(a) **20170328 1404 1462 3660** (10 years)
(File No. 725998491)

- Debtors: 1. 2345760 Ontario Inc.
- 2. 2275518 Ontario Inc.
- 3. Dumopharm Inc.
- 4. Rando Drugs Ltd.
- 5. Grace Diena (D.O.B. May 12, 1957)

Secured: ECN Financial Inc.
900-4 Robert Speck Parkway Mississauga ON L4Z1S1
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

(b) **20160912 1001 1462 1993** (10 years)
(File No. 720482121)

- Debtors: 1. 2345760 Ontario Inc.
- 2. 2275518 Ontario Inc.
- 3. Rando Drugs Ltd.
- 4. Dumopharm Inc.
- 5. 2527218 Ontario Inc.
- 6. Grace Diena (D.O.B. May 12, 1957)

Secured: Element Financial Inc.
900-4 Robert Speck Parkway Mississauga ON L4Z1S1
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
Amendment: 20160913 1402 1462 2906
Reason: To add additional debtor
Debtor: 7. 2527475 Ontario Inc.

7. 2527475 Ontario Inc. – 4 results found

Results of Personal Property Security Act (Ontario) Search

(a) **20160914 1055 6083 5850** (10 years)
(File No. 720574605)

Debtor: 2527475 Ontario Inc.
Secured: **Elements Financial Inc.**
4 Robert Speck Parkway, Suite 900 Mississauga, Ontario
ON L4Z 1S1
Collateral: Inventory, Equipment, Accounts, Other
Date of Maturity: Sept 14, 2026

(b) **20160914 1337 1590 6671** (10 years)
(File No. 720591111)

Debtor: 2527475 Ontario Inc.
Secured: **1. Peter Dumo**
207 Marjorie Street, Tecumseh, ON N8N 3Z5
2. Clara Dumo
207 Marjorie Street, Tecumseh, ON N8N 3Z5
Collateral: Inventory, Equipment, Accounts, Other
General Collateral
Description: General Security Agreement dated August 19, 2016

(c) **20160914 1351 1590 6677** (5 years)
(File No. 720591228)

Debtor: 2527475 Ontario Inc.
Secured: **1. Peter Dumo**
207 Marjorie Street, Tecumseh, ON N8N 3Z5
2. Clara Dumo
207 Marjorie Street, Tecumseh, ON N8N 3Z5
Collateral: Other
General Collateral
Description: Pledge of Shares of Dumopharm Inc.

(d) **20160912 1001 1462 1993** (10 years)
(File No. 720482121)

Debtors: 1. 2345760 Ontario Inc.

- 2. 2275518 Ontario Inc.
- 3. Rando Drugs Ltd.
- 4. Dumopharm Inc.
- 5. 2527218 Ontario Inc.
- 6. Grace Diena (D.O.B. May 12, 1957)

Secured: **Element Financial Inc.**
900-4 Robert Speck Parkway Mississauga ON L4Z1S1
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
Amendment: 20160913 1402 1462 2906
Reason: To add additional debtor
Debtor: 7. 2527475 Ontario Inc.

Tab K

**This is Exhibit "K" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

June 15, 2018

Private and Confidential

Delivered via Courier

2345760 Ontario Inc.
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

Attention: Daniel Diena

Dear Mr. Diena:

Re: Our Client: ECN Financial Inc.
Demand for Payment - Account Number BAO7475A

Craig A. Mills
Direct Line: 416.595.8596
Direct Fax: 416.595.8695
cmills@millerthomson.com

File No. 0141714.0062

We act for ECN Financial Inc., the successor to Element Financial Inc. and Element Financial Corporation (collectively, "ECN").

Our client advises that 2345760 Ontario Inc. ("2345"), as Borrower, entered into the following promissory notes with ECN (collectively, the "Promissory Notes")

Contract	Date original contract was executed by the Debtor
BA07475A-001 ("Contract 001")	February 25, 2013
BA07475A-002 ("Contract 002")	January 15, 2016
BA07475A-003 ("Contract 003")	February 26, 2016
BA07475A-005 ("Contract 005")	September 12, 2016
BA07475A-006 ("Contract 006")	March 31, 2017

As security for the Promissory Notes, 2345 granted security to ECN in respect to all of 2345's present and after-acquired personal property and all interests therein, wherever located pursuant to various General Security Agreements (the "Security Agreements") executed by

2345. ECN has registered its security interest as against 2345 under the *Personal Property Security Act*.

Default and Obligations Due

Our client advises that on or about March 1, 2018 and March 15, 2018, 2345 failed to make the scheduled payments due and owing to ECN pursuant to Contracts 001 and 002. This failure to make payment when due and owing constitutes an event of default under the respective Promissory Notes. Furthermore, these events of default constitute a default under the other Promissory Notes and Security Agreements (collectively, the "Defaults").

As a result of the Defaults, all amounts owing to ECN thereunder are now due and payable. The total amount due and owing by 2345 to ECN as at today's date is \$4,759,707.94, with interest accruing thereon at the default rate of 18% pursuant to the Promissory Notes (the "Indebtedness"). (Details of the Indebtedness are set out at Schedule A.) 2345 will also be required to pay ECN's legal and other expenses in connection with the Indebtedness.

On account of these Defaults, ECN is entitled to and reserves its rights to declare all amounts owing to ECN thereunder to be immediately due and payable.

ECN has been previously advised by Mr. Diena that he is in the process of selling one or more of his pharmacies by way of a share purchase agreement, and that the transaction is to close in July 2018. Mr. Diena has further advised that he anticipates being able to make a significant payment to ECN from the net sale proceeds.

As you know, ECN has repeatedly requested details of the proposed transaction, including a copy of the share purchase agreement(s), the name of the proposed purchaser(s), the proposed sale price and the closing date(s). However, 2345 has failed to provide any specific or tangible details other than general information.

In light of the Defaults noted above, ECN requires that 2345 immediately provide the requested information in respect to the proposed transaction(s) and, in any event, by no later than the close of business June 22, 2018. This information must be provided to Scott Benson of ECN (SBenson@ecncapitalcorp.com). Please copy me on your response.

Alternatively, as previously advised, ECN requires that 2345 immediately arrange for exit financing with respect to the Indebtedness. On that basis, ECN will require that exit financing be arranged to pay out the Indebtedness, plus any accrued interest, fees and costs, be paid in full by no later than August 1, 2018. In that regard, ECN requires that all existing arrears totalling \$43,650.71 ("Arrears") be paid immediately and all outstanding balloon payments under Contracts 1 and 2, totalling \$1,284,511.48 be paid by July 2, 2018. Please provide details of what steps 2345 has taken to secure exit financing, including details of the proposed lender and the timing for refinancing, by no later than June 22, 2018.

It is critical that you respond to these requests immediately. Should 2345 fail to provide this information by June 22, 2018 or if the Arrears are not paid by this date, ECN will have no choice but to declare all amounts due and owing under the Promissory Notes and Security



Agreements and take steps to enforce its security. ECN reserves all rights and remedies that it has under the Promissory Notes and the Security Agreements in that regard.

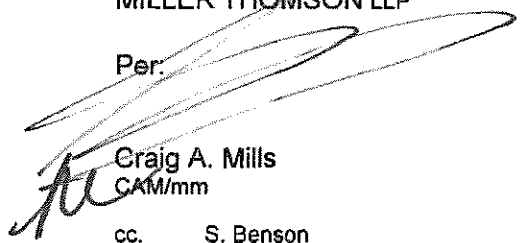
ECN expressly reserves the right to take any steps it deems advisable to protect ECN's position prior to June 22, 2018.

We trust that you will respond to this in all due haste.

Yours truly,

MILLER THOMSON LLP

Per.



Craig A. Mills
CAM/mm

cc. S. Benson
J. Stanleigh (courtesy copy)

Guarantors

- G. Diena
2275518 Ontario
Rando Drugs Ltd.
2275518 Ontario Inc.
- M. Blacher Drugs Ltd.
2527218 Ontario Inc.
- Dumopharm Inc.
2527475 Ontario Inc.
2501380 Ontario Inc.



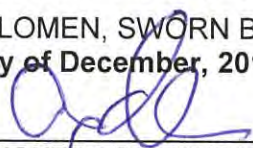
Schedule A
Account Details

	Future payments	Arrears	NSF fees
BAO7475A-001	-	730,615.47	-
BAO7475A-002	-	553,896.01	-
BAO7475A-003	1,685,053.97	20,275.31	113.00
BAO7475A-005	1,618,394.98	17,570.50	113.00
BAO7475A-006	127,707.80	5,804.90	163.00
	<hr/> 3,431,156.75	<hr/> 1,328,162.19	<hr/> 389.00



Tab L

**This is Exhibit "L" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

171
JEROME H. STANLEIGH

REGISTERED SOLICITOR

5255 Yonge Street, # 800
Toronto, ON, M2N 6P4
tel. 416-924-0151
fax. 416-924-2887
jerome@stanleigh.com

June 19, 2018

Fax: (416) 595-8695
Email: cmills@millerthomson.com

Miller Thomson LLP
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON
M5H 3S1

Attention: Craig A. Mills

Re: ECN Financial Inc. – Account Number BAO7475A

The writer represents 2345760 Ontario Inc. and all of the other named Guarantors in your letter of June 15, 2018.

The writer was involved in some of the financing between Elements Financial and 2345760 Ontario Inc. and the other named Guarantors.

The writer must admit that he is somewhat surprised by your demand letter as the authorized officer who negotiated and completed the loan transaction with 2345760 Ontario Inc. confirmed that the loan, which expires March 2018, would be extended for an additional five years with the knowledge that the lease of the Pharmacy premises was likewise extended for five years. I attach an email from Dani Dierna to Pat Scarpone of June 27, 2017 confirming their conversation concerning this matter.

I also might point out to you for your edification that all of the named companies in your letter have made their payments to Element under the various loans in a timely fashion and are up to date. I would prefer not to discuss the security issue at this time that Elements hold on 2345760 Ontario Inc. as that is not germane to our conversation. What I would like to hear from you is whether Elements recognizes that this loan has been extended.

Obviously my client does not take lightly to any threat that it may be sued together with the Guarantors. My clients wish to be honourable to Elements and uphold the Agreements that were reached between the Parties.

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subject:
Attachments:
As per my discus

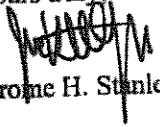
My client stands ready to pay all arrears which Elements has refused to accept because their position is that the term of the loan had been reached and the full amount was due and owing. I am sure you can gather from this note that this is not our position.

Since your basic position is that all debt is now outstanding, then quite frankly we need to get over the first hurdle and have your position concerning your demand above noted. If your clients were to adopt a position that was previously made by Scott Benson that the BAO7475A loan must be paid at the present time, then as we had advised him my clients are prepared to do so on or before August 1, 2018. Nothing has changed with respect to that situation and your client has been given the Share Purchase Agreement concerning the same.

My clients are interested in making peace not war. Cooperation between parties is essential to maintain operations so kindly advise your clients that this is ultimately my client's goal.

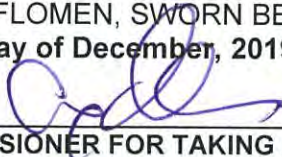
I anticipate hearing from you.

Yours truly,


Jerome H. Stanleigh

Tab M

**This is Exhibit "M" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5000
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

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June 27, 2018

Without prejudice

Delivered via Email to: jerome@stanleigh.com

Jerome H. Stanleigh
5255 Yonge Street, # 800
Toronto, ON M2N 6P4

Craig A. Mills
Direct Line: 416.595.8596
Direct Fax: 416.595.8695
cmills@millerthomson.com

File No. 0141714.0062

Dear Mr. Stanleigh:

**Re: Our Client: ECN Financial Inc.
Demand for Payment - Account Number BAO7475A**

Dear Mr. Stanleigh:

As discussed, we have reviewed your letter dated June 19, 2018 with our client. It is ECN's position that your clients are in default under the terms of the Promissory Notes and Security Agreements (as defined in my prior letter to 2345760 Ontario Inc.). As noted in my letter dated June 15, 2018, not only are there currently arrears (\$44,039.71) and outstanding balloon payments (\$1,284,511.48) owing under the Promissory Notes, but we have been advised by ECN that your clients' payments are constantly late, requiring constant follow up from ECN to make alternate arrangements for replacement payments.

Without reiterating the points made in my prior letter, the bottom line is that ECN is not prepared to permit this state of affairs to continue. It disagrees that there has been any extension of term of the Loan, particularly in light of the consistent arrears and late payments noted above.

That said, our client is prepared to work towards a mutually agreeable exit strategy with your client. In that regard, as we discussed, ECN is prepared to enter into a formal forbearance agreement based on the following terms:

1. ECN is prepared to forbear from exercising its rights and remedies under the Promissory Notes and the Security Agreements in respect of or arising out of any existing Default until September 28, 2018 provided that your clients:
 - (a) make immediate arrangements for payment of the outstanding arrears and associated NSF charges/late fees, and, in any event, no later than the close of business on

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July 6, 2018. ECN will provide the updated amount to be paid. Payment of these amounts must be paid to ECN by bank draft or wire transfer;

(b) The outstanding balloon payments (arising under Contract Nos. BAO7475A-001 and BAO7475A-002) totalling \$1,284,511.48, must be made by no later than August 1, 2018. Again, payment of these amounts must be paid to ECN by bank draft or wire transfer;

(c) immediately provide a completed pre-authorized payment form with updated banking information in respect to ongoing payments. They must to commit to ensuring that the designated bank account will have sufficient funds to cover all scheduled payments during the duration of the forbearance period;

(d) keep ECN apprised in writing of all developments relating to your clients' efforts to sell the pharmacy business on a regular basis and/or as requested by ECN; and

(d) make full payment of any and all amounts owing under the Promissory Notes by no later than the close of business on September 28, 2018, either by way of a refinancing or full payout.

2. If there are any defaults during the forbearance period, the forbearance agreement would automatically terminate and ECN will be at liberty to enforce its security under the terms of the Security Agreement or at law, including, but not limited to, the appointment of a court-appointed receiver over the assets and property of the debtors. ECN would require that your clients execute a consent to the appointment of a receiver, which would be held in escrow under the terms of the forbearance agreement.

3. The proposed forbearance agreement would include the usual acknowledgements confirming your clients' defaults and the validity and enforceability of ECN's security.

These are the material terms on which our client is prepared to forbear. Please review this with your clients and advise of their position by no later than 5 pm on June 28, 2018. If your clients are agreeable to the these terms, we will prepare a formal forbearance agreement for your review.

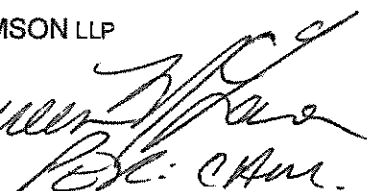
Please be advised that ECN reserves the right to take any steps it deems advisable to protect its position prior a formal forbearance agreement being executed.

Yours truly,

MILLER THOMSON LLP

Per

Craig A. Mills
CAM/mm

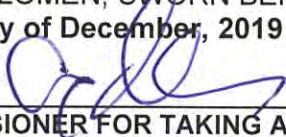


cc. S. Benson
S. Sands



Tab N

**This is Exhibit "N" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



MILLER THOMSON
 AVOCATS | LAWYERS

MILLER THOMSON LLP
 SCOTIA PLAZA
 40 KING STREET WEST, SUITE 5800
 P.O. BOX 1011
 TORONTO, ON M5H 3S1
 CANADA

T 416.595.8500
 F 416.595.8695

MILLERTHOMSON.COM

177

October 17, 2018

Private and Confidential

Delivered via Courier

2345760 Ontario Inc.
 200-4256 Bathurst Street
 Toronto, ON M3H 5Y8

Attention: Daniel Diena

Dear Mr. Diena:

Re: Our Client: ECN Financial Inc.
Demand for Payment - Account Number BAO7475A

Craig A. Mills
 Direct Line: 416.595.8596
 Direct Fax: 416.595.8695
 cmills@millerthomson.com

File No. 0141714.0062

As you know, we act for ECN Financial Inc., the successor to Element Financial Inc. and Element Financial Corporation (collectively, "ECN").

Our client advises that 2345760 Ontario Inc. ("2345"), as Borrower, entered into the following promissory notes with ECN (collectively, the "Promissory Notes")

Contract	Date original contract was executed by the Debtor
BA07475A-001 ("Contract 001")	February 25, 2013
BA07475A-002 ("Contract 002")	January 15, 2016
BA07475A-003 ("Contract 003")	February 26, 2016
BA07475A-005 ("Contract 005")	September 12, 2016
BA07475A-006 ("Contract 006")	March 31, 2017

As security for the Promissory Notes, 2345 granted security to ECN in respect to all of 2345's present and after-acquired personal property and all interests therein, wherever located, pursuant to various General Security Agreements (the "2345 Security") executed

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by 2345. ECN has registered its security interest as against 2345 under the *Personal Property Security Act*.

Default and Obligations Due

Our client advises that on March 1, 2018 and March 15, 2018, Contracts 001 and 002 matured and the final payments to be paid in respect to each of those contracts (the "**Balloon Payments**") became due and owing. 2345 has failed to make the required payments. The failure to pay the Balloon Payments when due and owing constitutes an event of default under the respective Promissory Notes. Furthermore, these events of default constitute a default under the other Promissory Notes and the 2345 Security (collectively, the "**Defaults**").

Although there have been previous discussions and communications with Mr. Jerome Stanleigh regarding payment of the Balloon Payments and other amounts, including from the sale proceeds arising from two pending related party transactions (the "**Transactions**"), these Transactions have been continuously delayed. As a result, ECN is of the view that there is a material risk that the Transactions will not be completed.

Further, although ECN indicated its willingness to enter into a forbearance agreement to address these and other defaults (provided that the Balloon Payments were paid), 2345 has, among other things, failed to execute the form of agreement previously provided by our office.

As a result of the Defaults, ECN hereby declares that all amounts owing to ECN thereunder are now immediately due and payable. The total amount due and owing by 2345 to ECN as at today's date is \$4,385,268.65, with interest accruing thereon at the default rate of 18% pursuant to the Promissory Notes (the "**Indebtedness**"). (Details of the Indebtedness are set out at Schedule A.) 2345 will also be required to pay ECN's legal and other expenses in connection with the Indebtedness.

In light of the Defaults noted above, ECN demands payment in full of the Indebtedness. Unless payment is made by no later than 4:00 pm on **October 29, 2018**, ECN will take any further steps that it deems necessary to recover payment of the Indebtedness. These steps may include commencing legal proceedings against 2345 without further notice to you. If we are required to commence legal proceedings against 2345, ECN will claim additional amounts for prejudgment interest, penalties and legal costs.

Alternatively, ECN may seek to appoint a court-appointed receiver pursuant to its security and under the *Bankruptcy and Insolvency Act*. In that regard, we enclose a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*.


We trust that you will respond to this in all due haste.



Yours truly,

MILLER THOMSON LLP

Per:



Craig A. Mills
CAM/mm

cc. A. Fiomen
J. Stanleigh (courtesy copy)

Guarantors
G. Diena
2275518 Ontario Inc.
Rando Drugs Ltd.
M. Blacher Drugs Ltd.
2527218 Ontario Inc.
Dumopharm Inc.
2527475 Ontario Inc.
2501380 Ontario Inc.



Schedule A
Account Details

	<u>Amount Outstanding</u>
BAO7475A-001	580,615.47
BAO7475A-002	553,896.01
BAO7475A-003	1,603,952.73
BAO7475A-005	1,530,542.48
BAO7475A-006	104,488.20
Accrued Fees	11,733.76
Total Indebtedness	4,385,268.65



**Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)**

TO: 2345760 Ontario Inc., an insolvent person*

Take notice that:

1. ECN Financial Inc., the successor to Element Financial Inc. and Element Financial Corporation (collectively, "ECN"), a secured creditor, intends to enforce its security on the property of the insolvent person described below:

(a) All assets and properties of 2345760 Ontario Inc., as more particularly described in the General Security Agreements dated February 28, 2013, January 15, 2016, February 29, 2016, September 15, 2016 and March 29, 2017, granted by 2345760 Ontario Inc., in favour of ECN (collectively the "2345 Security").

2. The security that is to be enforced is in the form of the 2345 Security referred to in section 1 herein.


4. The total amount of indebtedness currently secured by the security is the sum of \$4,385,268.65, with interest accruing thereon at the default rate of 18%.

5. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, Ontario this 18th day of October, 2018.

ECN Financial Inc., the successor to
Element Financial Inc. and Element
Financial Corporation, by its lawyers,
Messrs. Miller Thomson LLP

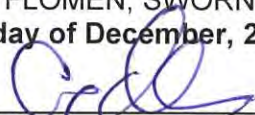
Per: _____


Craig A. Mills
Telephone: (416) 595-8162
cmills@millerthomson.com

*The term "an insolvent person" is inserted in this form merely to comply with Form 115 and subsection 244(1) of the *Bankruptcy and Insolvency Act*.

Tab O

**This is Exhibit "O" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

November 7, 2018

Without Prejudice

Private and Confidential

Sent via E-mail to: jerome@stanleigh.com

Jerome H. Stanleigh
5255 Yonge Street, # 800
Toronto, ON M2N 6P4

Craig A. Mills
Direct Line: 416.595.8596
Direct Fax: 416.595.8695
cmills@millerthomson.com

File No. 0141714.0062

Dear Mr. Stanleigh:

**Re: Our Client: ECN Financial Inc.
Demand for Payment - Account Number BAO7475A**

As I have noted in my prior correspondence, ECN Financial Inc. is extremely frustrated with your clients' delays paying the indebtedness owed to ECN despite the indulgences extended to your client in good faith. ECN views your clients' defaults under the various Promissory Notes and related General Security Agreements as significant and serious.

Further, our client views the disclosure received so far from your clients to be woefully inadequate. Not only does ECN have only a vague sense of the timing of closing of the sale of the Windsor pharmacies, but no update has been provided in respect to the status of the "Baird" sale or the deposit being held in respect to that sale. ECN's reasonable request for copies of the financial statements provided to Desante Financial pursuant to Section 3.02(g) of the General Security Agreement has been rejected. Lastly, your client has failed to provide the name of a contact person at Desante Financial.

Your clients do not appear to appreciate the gravity of the situation. As you can imagine, none of this sits well with ECN nor would it with any lender.

Although it is in a position to take steps to enforce its security, our client is prepared to provide your clients with one last chance to address the situation and formulate a substantive action plan setting out in detail how and when your clients are going to pay out the indebtedness owed to ECN in full and in cash.

Your clients' presentation to ECN should consist of substantive details of the status of the Rando sale and the other sale. It should also contain details of the financial status of the Borrower and the guarantors (including current financial statements) along with substantial additional collateral (real property, other investments, etc.) that your clients are prepared to pledge to ECN as a condition to our client's forbearance.

Your clients should consider this as their last opportunity to provide ECN with a detailed action plan in order to secure its agreement to forbear from enforcing its security and avoid the additional costs that could result. As you know, ECN's recent demands have expired and ECN is in a position to take further steps. I encourage your client to meet with an accounting professional to assist in the preparation of an action plan.

If our client is not satisfied with the plan presented by your client, our client will have no choice but to proceed with its enforcement, which will include the appointment of a court-appointed receiver.

This is a time limited opportunity that your client should take seriously.

Please consult with your clients and please provide me with dates during the week of November 12th on which you and your clients will be available to meet with ECN to present their detailed action plan. Please provide us with your clients' available dates by no later than **November 9, 2018** at 12 p.m.

As before, our client reserves all of its rights and remedies in respect to the enforcement of its security.

Please get back to me as soon as possible.

Yours truly,

MILLER THOMSON LLP

Per:

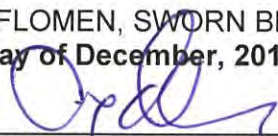


Craig A. Mills
CAM/mm
cc. A. Fiomen



Tab P

**This is Exhibit "P" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

JEROME H. STANLEIGH
BARRISTER & SOLICITOR

5255 Yonge Street, Suite 800
Toronto, ON, M2N 5P8
tel. 416-924-0151
fax. 416-924-2887
jerome@stanleigh.com

February 26, 2019

Miller Thomson LLP
40 King Street West, Suite 5800
Toronto, ON
M5H 3S1

Fax: 416-595-8695

Attention: Craig A. Mills

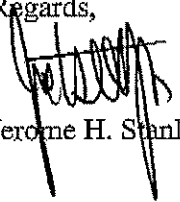
Dear Craig:

Re: Diana v ECN Financial Inc.

The closing of this matter is to take place no later than end of March 2019. Accordingly, I would appreciate pay out statements for each loan from March 15, 2019 with a per diem thereafter.


Kindly advise at your earliest convenience.

Regards,


Jerome H. Stanleigh

Tab Q

**This is Exhibit "Q" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

May 17, 2019

Private and Confidential

Delivered via Courier

2345760 Ontario Inc.
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

Attention: Daniel Diena

Dear Mr. Diena:

Re: Our Client: ECN Financial Inc.
Demand for Payment - Account Number BAO7475A

Craig A. Mills
Direct Line: 416.595.8596
Direct Fax: 416.595.8695
cmills@millerthomson.com

File No. 0141714.0062

As you know, we act for ECN Financial Inc., the successor to Element Financial Inc. and Element Financial Corporation (collectively, "ECN").

Our client advises that 2345760 Ontario Inc. ("2345"), as Borrower, entered into the following promissory notes with ECN (collectively, the "Promissory Notes"):

Contract	Date original contract was executed by the Debtor
BA07475A-001 ("Contract 001")	February 25, 2013
BA07475A-002 ("Contract 002")	January 15, 2016
BA07475A-003 ("Contract 003")	February 26, 2016
BA07475A-005 ("Contract 005")	September 12, 2016
BA07475A-006 ("Contract 006")	March 31, 2017

As security for the Promissory Notes, 2345 granted security to ECN in respect to all of 2345's present and after-acquired personal property and all interests therein, wherever located, pursuant to various General Security Agreements (the "2345 Security") executed

by 2345. ECN has registered its security interest as against 2345 under the *Personal Property Security Act*.

Default and Obligations Due

Our client advises that on March 1, 2018 and March 15, 2018, Contracts 001 and 002 matured and the final payments to be paid in respect to each of those contracts (the "**Balloon Payments**") became due and owing. 2345 has failed to make the required payments. The failure to pay the Balloon Payments when due and owing constitutes an event of default under the respective Promissory Notes. Furthermore, these events of default constitute a default under the other Promissory Notes and the 2345 Security (collectively, the "**Defaults**").

Although there have been previous discussions and communications with you and your lawyer, Mr. Jerome Stanleigh, regarding payment of the Balloon Payments and other amounts, including from the sale proceeds arising from the sale of various pharmacies owned by Rando Drugs Ltd., one of the guarantors of 2345's obligations to ECN (the "**Transaction**"), we understand that this Transaction has failed to close, despite several extensions.

Further, although ECN indicated its willingness to enter into a forbearance agreement to address these and other defaults (provided that the Balloon Payments were paid), 2345 has, among other things, refused to execute the form of agreement previously provided by our office.

ECN has previously issued demand letters to the Borrower as a result of the Defaults, the most recent of which was October 18, 2018. Although ECN has provided the Borrower with additional time to pay out the indebtedness arising under the Promissory Notes on a reservation of rights basis in light of the Transaction, we have now been instructed to issue this demand as the Transaction is no longer proceeding.

ECN hereby declares that all amounts owing to ECN thereunder are now immediately due and payable. The total amount due and owing by 2345 to ECN as at May 15, 2019 is \$4,132,807.18, with interest accruing thereon at the default rate of 18% per annum pursuant to the Promissory Notes (the "**Indebtedness**"). (Details of the Indebtedness are set out at **Schedule A.**) 2345 will also be required to pay ECN's legal and other expenses in connection with the Indebtedness.

In light of the Defaults noted above, ECN demands payment in full of the Indebtedness. Unless payment is made by no later than 4:00 pm on **May 29, 2019**, ECN will take any further steps that it deems necessary to recover payment of the Indebtedness. These steps may include commencing legal proceedings against 2345 without further notice to you. If we are required to commence legal proceedings against 2345, ECN will claim additional amounts for prejudgment interest, penalties and legal costs.

Alternatively, ECN may seek to appoint a court-appointed receiver pursuant to its security and under the *Bankruptcy and Insolvency Act*. In that regard, we enclose a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*.



We trust that you will respond to this in all due haste.

Yours truly,

MILLER THOMSON LLP

Per: 

Craig A. Mills
CAM/mmm

cc. A. Flomen
J. Stanfeigh (courtesy copy)

Guarantors
G. Diena
2275518 Ontario Inc.
Rando Drugs Ltd.
M. Blacher Drugs Ltd.
2527218 Ontario Inc.
Dumopharm Inc.
2527475 Ontario Inc.
2501380 Ontario Inc.



Schedule A
Account Details

	<u>Amount Outstanding</u>
BAO7475A-001	732,840.82
BAO7475A-002	682,170.01
BAO7475A-003	1,355,119.15
BAO7475A-005	1,263,140.65
BAO7475A-006	61,536.55
Accrued Fees	\$38,000.00
Total	\$4,132,807.18
Indebtedness	



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**Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)**

TO: 2345760 Ontario Inc., an insolvent person*

Take notice that:

1. ECN Financial Inc., the successor to Element Financial Inc. and Element Financial Corporation (collectively, "ECN"), a secured creditor, intends to enforce its security on the property of the insolvent person described below:

(a) All assets and properties of 2345760 Ontario Inc., as more particularly described in the General Security Agreements dated February 28, 2013, January 15, 2016, February 29, 2016, September 15, 2016 and March 29, 2017, executed by 2345760 Ontario Inc., pursuant to which it granted a security interest in favour of ECN (collectively the "2345 Security").

2. The security that is to be enforced is in the form of the 2345 Security referred to in section 1 herein.


4. The total amount of indebtedness currently secured by the security is the sum of \$4,132,807.18, with interest accruing thereon at the default rate of 18% per annum.

5. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, Ontario this 17th day of May, 2019.

ECN Financial Inc., the successor to
Element Financial Inc. and Element
Financial Corporation, by its lawyers,
Miller Thomson LLP

Per: _____


Craig A. Mills
Telephone: (416) 595-8162
cmills@millerthomson.com

*The term "an insolvent person" is inserted in this form merely to comply with Form 115 and subsection 244(1) of the *Bankruptcy and Insolvency Act*.

**ACKNOWLEDGMENT OF RECEIPT AND
CONSENT TO EARLIER ENFORCEMENT**

We, the undersigned, **2345760 Ontario Inc.**, (the "Insolvent Person") hereby acknowledge receipt of the enclosed Demand of Payment and Notice of Intention to Enforce Security under s.244 (1) of the Bankruptcy and Insolvency Act (Canada) (the "BIA"), issued by ECN Financial Inc. (the "Secured Creditor") dated May 17, 2019 with respect to the security charging the property described in such notice (the "Property"). The Insolvent Person also hereby acknowledges its full outstanding indebtedness and liability to the Secured Creditor in the amounts set forth in the Notice of Intention to Enforce Security (collectively, the "Liabilities"), and hereby irrevocably waives any and all requirements for any further notice of such demand and time for payment of the Liabilities. The Insolvent Person hereby acknowledges its inability to make payment of the amount of the Liabilities and hereby consents to the immediate enforcement of the Security granted by the Insolvent Person to the Secured Creditor by any means deemed appropriate by the Secured Creditor, including the appointment by application to any court of competent jurisdiction, including the Ontario Superior Court of Justice at the option of the Secured Creditor, of a court-appointed receiver of the property, assets and undertaking of the Insolvent Person, or such person, firm or corporation as the Secured Creditor may otherwise select, in their discretion, subject to any required approval of the court. The Insolvent Person further acknowledges and confirms that it has obtained legal advice in connection with the execution of this Acknowledgement and Consent and it is executing this Acknowledgement and Consent freely, voluntarily and without any duress.

We, the undersigned, **2345760 Ontario Inc.**, does hereby waive the 10-day period provided for under s.244 (1) of the BIA, and accordingly consents to the enforcement of the Liabilities, and the appointment of a court-appointed receiver, at any time even prior to the expiry of such 10 day period, by the Secured Creditor of all of its rights and remedies under its security against the Property.

AND WE HAVE SIGNED, THIS DAY OF MAY, 2019.

2345760 Ontario Inc.

By: _____
 Name:
 Title: President
 (I have the authority to bind the corporation)



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5000
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

May 17, 2019

Private and Confidential
Delivered Via Courier

Craig A. Mills
Direct Line: 416.595.8596
Direct Fax: 416.595.8695
cmills@millerthomson.com

File: 0141714.0062

2275518 Ontario Inc.
4256 Bathurst Street, Unit # 200
Toronto, ON M5H 5Y8

2527475 Ontario Inc.
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

Rando Drugs Ltd.
200-4256 Bathurst St.
Toronto, ON M3H 5Y8

2527218 Ontario Inc.
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

M. Blacher Drugs Ltd.
200-4256 Bathurst St.
Toronto, ON M3H 5Y8

Grace Diena
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

2501380 Ontario Inc.
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

Dumopharm Inc.
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

Dear Sirs/Mesdames:

Re: Our client: ECN Financial Inc.
Demand for Payment

As you know, we act for ECN Financial Inc., the successor to Element Financial Inc. and Element Financial Corporation (collectively, "ECN").

ECN Our client advises that 2345760 Ontario Inc. ("2345"), as Borrower, entered into the following promissory notes with ECN (collectively, the "Promissory Notes"):

Contract	Date original contract was executed by the Debtor
BA07475A-001 ("Contract 001")	February 25, 2013
BA07475A-002 ("Contract 002")	January 15, 2016
BA07475A-003 ("Contract 003")	February 26, 2016

BA07475A-005 005")	("Contract	September 12, 2016
BA07475A-006 006")	("Contract	March 31, 2017

As security for the Promissory Notes, 2345 granted security to ECN in respect to all of 2345's present and after-acquired personal property and all interests therein, wherever located, pursuant to various General Security Agreements (the "**2345 Security**") executed by 2345.

In March 2018, 2345 failed to pay the required payments under Contracts 001 and 002 which are now due and owing. Details of these defaults are set out in the attached demand letter to 2345, which we enclose for your reference. Furthermore, these events of default constitute a default under the other Promissory Notes and the 2345 Security (collectively, the "**Defaults**").

As you know, 2275518 Ontario Inc., Rando Drugs Ltd., M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc., 2527475 Ontario Inc. and Grace Diena (collectively, the "**Guarantors**") executed guarantees ("**Guarantees**") pursuant to which they guaranteed any and all obligations of 2345 arising under the Promissory Notes. Particulars of the Guarantees executed by the Guarantors are set out at **Schedule A**.

Further, the Guarantors' obligations under the Guarantees are secured by general security agreements executed by each of the Guarantors in favour of ECN as general and continuing security for the payment and performance of Guarantors' obligations (the "**Guarantors' Security**"). Details of the Guarantors' Security are set out at **Schedule A**.

As a result of the Defaults and for the reasons set out in the demand letter to 2345, ECN hereby declares that all amounts owing to ECN thereunder are now immediately due and payable. The total amount due and owing by 2345 and the Guarantors as at May 15, 2019 is \$4,132,807.18, with interest accruing thereon at the default rate of 18% pursuant to the Promissory Notes, plus ECN's legal and other expenses (the "**Indebtedness**"). (Details of the Indebtedness are set out at **Schedule B**.)

Accordingly, ECN hereby demands payment in full of the Indebtedness. Unless payment is made by no later than 4:00 pm on **May 29, 2019**, ECN will take any further steps that it deems necessary to recover payment of the Indebtedness. These steps may include commencing legal proceedings against 2345 and the Guarantors without further notice to you. If we are required to commence legal proceedings against 2345 and the Guarantors, ECN will claim additional amounts for prejudgment interest, penalties and legal costs.

Alternatively, ECN may seek to appoint a court-appointed receiver pursuant to the Guarantors' Security and under the *Bankruptcy and Insolvency Act*. In that regard, we enclose a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*.



We trust that you will respond to this in all due haste.

Yours truly,

MILLER THOMSON LLP

Per: 

Craig A. Mills
CAM/mm

cc. A. Flomen
J. Stanleigh (courtesy copy)



Schedule A
(Details of Guarantees and Guarantors' Security)

Guarantees

Guarantor	Date
Grace Diena	Mar 3/13
2275518 Ontario Inc.	Feb 28/13
Rando Drugs Ltd.	Mar 3/13
2275518 Ontario Inc.	Jan 15/16
Rando Drugs Ltd.	Jan 15/16
Grace Diena	Jan 15/16
2275518 Ontario Inc.	Feb 29/16
Rando Drugs Ltd.	Feb 29/16
M. Blacher Drugs Ltd.	Feb 29/16
2501380 Ontario Inc.	Feb 29/16
Grace Diena	Feb 29/16
2527218 Ontario Inc.	Sept 12/16
Dumopharm Inc.	Sept 12/16
Rando Drugs Ltd.	Sept 12/16
Grace Diena	Sept 12/16
2527475 Ontario Inc.	Sept 12/16
2345760 Ontario Inc.	
2275518 Ontario Inc.	Mar 29/17
Dumopharm Inc.	Mar 29/17



Rando Drugs Ltd.	Mar 27/17
Grace Diena	Mar 27/17

Security Agreements

Name	Date
2345760 Ontario Inc.	Feb 28/13
Grace Diena	Feb 28/13
2275518 Ontario Inc.	Feb 28/13
Rando Drugs Ltd.	Feb 28/13
2345760 Ontario Inc.	Jan 15/16
2275518 Ontario Inc.	Jan 15/16
Rando Drugs Ltd.	Jan 15/16
Grace Diena	Jan 15/16
2345760 Ontario Inc.	Feb 29/16
2275518 Ontario Inc.	Feb 29/16
Rando Drugs Ltd.	Feb 29/16
M. Blacher Drugs Ltd.	Feb 29/16
2501380 Ontario Inc.	Feb 29/16
Grace Diena	Feb 29/16
2527218 Ontario Inc.	Sept 12/16
2345760 Ontario Inc.	Sept 15/16



2275518 Ontario Inc.	Sept 12/16
Dumopharm Inc.	Sept 12/16
Rando Drugs Ltd.	Sept 12/16
Grace Diena	Sept 12/16
2527475 Ontario Inc.	Sept 12/16
2345760 Ontario Inc.	Mar 29/17
2275518 Ontario Inc.	Mar 29/17
Dumopharm Inc.	Mar 29/17
Rando Drugs Ltd.	Mar 29/17
Grace Diena	Mar 29/17



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Schedule B
Account Details

	<u>Amount Outstanding</u>
BAO7475A-001	732,840.82
BAO7475A-002	682,170.01
BAO7475A-003	1,355,119.15
BAO7475A-005	1,263,140.65
BAO7475A-006	61,536.55
Accrued Fees	\$38,000.00
Total Indebtedness	\$4,132,807.18



**Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)**

TO: 2275518 Ontario Inc., an insolvent person*

AND TO: 2527475 Ontario Inc., an insolvent person*

AND TO: Rando Drugs Ltd., an insolvent person*

AND TO: 2527218 Ontario Inc., an insolvent person*

AND TO: M. Blacher Drugs Ltd., an insolvent person*

AND TO: Grace Diena, an insolvent person*

AND TO: 2501380 Ontario Inc., an insolvent person*

AND TO: Dumopharm Inc., an insolvent person*

(collectively, the "**Guarantors**" or individually, as the "**Guarantor**")

Take notice that:

1. ECN Financial Inc., the successor to Element Financial Inc. and Element Financial Corporation (collectively, "**ECN**"), a secured creditor, intends to enforce its security on the property of the insolvent person described below:

(a) All assets and properties of the Guarantors, as more particularly described in the General Security Agreements listed as Schedule "A", executed by each of the Guarantors, pursuant to which each Guarantor granted a security interest in favour of ECN (collectively the "**Guarantor Security**").


2. The security that is to be enforced is in the form of the Guarantor Security referred to in section 1 herein.

4. The total amount of indebtedness currently secured by the security is the sum of \$4,132,807.18, with interest accruing thereon at the default rate of 18% per annum, the details of which are set out in the letter from Miller Thomson to 2345760 Ontario Inc. dated May 17, 2019.

5. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, Ontario this 17th day of May, 2019.

ECN Financial Inc., the successor to
Element Financial Inc. and Element
Financial Corporation, by its lawyers,
Miller Thomson LLP

Per: 

Craig A. Mills
Telephone: (416) 595-8162
cmills@millerthomson.com

*The term "an insolvent person" is inserted in this form merely to comply with Form 115 and subsection 244(1) of the *Bankruptcy and Insolvency Act*.

SCHEDULE "A"
LIST OF GENERAL SECURITY AGREEMENTS
SIGNED BY THE GUARANTORS

Security Agreements

Name	Date
2345760 Ontario Inc.	Feb 28/13
Grace Diena	Feb 28/13
2275518 Ontario Inc.	Feb 28/13
Rando Drugs Ltd.	Feb 28/13
2345760 Ontario Inc.	Jan 15/16
2275518 Ontario Inc.	Jan 15/16
Rando Drugs Ltd.	Jan 15/16
Grace Diena	Jan 15/16
2345760 Ontario Inc.	Feb 29/16
2275518 Ontario Inc.	Feb 29/16
Rando Drugs Ltd.	Feb 29/16
M. Blacher Drugs Ltd.	Feb 29/16
2501380 Ontario Inc.	Feb 29/16
Grace Diena	Feb 29/16
2527218 Ontario Inc.	Sept 12/16
2345760 Ontario Inc.	Sept 15/16
2275518 Ontario Inc.	Sept 12/16
Dumopharm Inc.	Sept 12/16
Rando Drugs Ltd.	Sept 12/16
Grace Diena	Sept 12/16
2527475 Ontario Inc.	Sept 12/16

2345760 Ontario Inc.	Mar 29/17
2275518 Ontario Inc.	Mar 29/17
Dumopharm Inc.	Mar 29/17
Rando Drugs Ltd.	Mar 29/17
Grace Diena	Mar 29/17

Guarantees

Guarantor	Date
Grace Diena	Mar 3/13
2275518 Ontario Inc.	Feb 28/13
Rando Drugs Ltd.	Mar 3/13
2275518 Ontario Inc.	Jan 15/16
Rando Drugs Ltd.	Jan 15/16
Grace Diena	Jan 15/16
2275518 Ontario Inc.	Feb 29/16
Rando Drugs Ltd.	Feb 29/16
M. Blacher Drugs Ltd.	Feb 29/16
2501380 Ontario Inc.	Feb 29/16
Grace Diena	Feb 29/16
2527218 Ontario Inc.	Sept 12/16
Dumopharm Inc.	Sept 12/16
Rando Drugs Ltd.	Sept 12/16
Grace Diena	Sept 12/16
2527475 Ontario Inc.	Sept 12/16
2345760 Ontario Inc.	
2275518 Ontario Inc.	Mar 29/17

Dumopharm Inc.	Mar 29/17
Rando Drugs Ltd.	Mar 27/17
Grace Diena	Mar 27/17

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MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

May 17, 2019

Private and Confidential

Delivered via Courier

2345760 Ontario Inc.
200-4256 Bathurst Street
Toronto, ON M3H 5Y8

Attention: Daniel Diena

Dear Mr. Diena:

Re: Our Client: ECN Financial Inc.
Demand for Payment - Account Number BAO7475A

Craig A. Mills
Direct Line: 416.595.8596
Direct Fax: 416.595.8695
cmills@millerthomson.com

File No. 0141714.0062

COPY

As you know, we act for ECN Financial Inc., the successor to Element Financial Inc. and Element Financial Corporation (collectively, "ECN").

Our client advises that 2345760 Ontario Inc. ("2345"), as Borrower, entered into the following promissory notes with ECN (collectively, the "Promissory Notes"):

Contract	Date original contract was executed by the Debtor
BA07475A-001 ("Contract 001")	February 25, 2013
BA07475A-002 ("Contract 002")	January 15, 2016
BA07475A-003 ("Contract 003")	February 26, 2016
BA07475A-005 ("Contract 005")	September 12, 2016
BA07475A-006 ("Contract 006")	March 31, 2017

As security for the Promissory Notes, 2345 granted security to ECN in respect to all of 2345's present and after-acquired personal property and all interests therein, wherever located, pursuant to various General Security Agreements (the "2345 Security") executed

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by 2345. ECN has registered its security interest as against 2345 under the *Personal Property Security Act*.

Default and Obligations Due

Our client advises that on March 1, 2018 and March 15, 2018, Contracts 001 and 002 matured and the final payments to be paid in respect to each of those contracts (the "Balloon Payments") became due and owing. 2345 has failed to make the required payments. The failure to pay the Balloon Payments when due and owing constitutes an event of default under the respective Promissory Notes. Furthermore, these events of default constitute a default under the other Promissory Notes and the 2345 Security (collectively, the "Defaults").

Although there have been previous discussions and communications with you and your lawyer, Mr. Jerome Stanleigh, regarding payment of the Balloon Payments and other amounts, including from the sale proceeds arising from the sale of various pharmacies owned by Rando Drugs Ltd., one of the guarantors of 2345's obligations to ECN (the "Transaction"), we understand that this Transaction has failed to close, despite several extensions.

Further, although ECN indicated its willingness to enter into a forbearance agreement to address these and other defaults (provided that the Balloon Payments were paid), 2345 has, among other things, refused to execute the form of agreement previously provided by our office.

ECN has previously issued demand letters to the Borrower as a result of the Defaults, the most recent of which was October 18, 2018. Although ECN has provided the Borrower with additional time to pay out the indebtedness arising under the Promissory Notes on a reservation of rights basis in light of the Transaction, we have now been instructed to issue this demand as the Transaction is no longer proceeding.

ECN hereby declares that all amounts owing to ECN thereunder are now immediately due and payable. The total amount due and owing by 2345 to ECN as at May 15, 2019 is \$4,132,807.18, with interest accruing thereon at the default rate of 18% per annum pursuant to the Promissory Notes (the "Indebtedness"). (Details of the Indebtedness are set out at **Schedule A.**) 2345 will also be required to pay ECN's legal and other expenses in connection with the Indebtedness.

In light of the Defaults noted above, ECN demands payment in full of the Indebtedness. Unless payment is made by no later than 4:00 pm on **May 29, 2019**, ECN will take any further steps that it deems necessary to recover payment of the Indebtedness. These steps may include commencing legal proceedings against 2345 without further notice to you. If we are required to commence legal proceedings against 2345, ECN will claim additional amounts for prejudgment interest, penalties and legal costs.

Alternatively, ECN may seek to appoint a court-appointed receiver pursuant to its security and under the *Bankruptcy and Insolvency Act*. In that regard, we enclose a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*.



We trust that you will respond to this in all due haste.

Yours truly,

MILLER THOMSON LLP

Per: 

Craig A. Mills
CAM/mm

cc. A. Flomen
J. Stanleigh (courtesy copy)

Guarantors
G. Diena
2275518 Ontario Inc.
Rando Drugs Ltd.
M. Blacher Drugs Ltd.
2527218 Ontario Inc.
Dumopharm Inc.
2527475 Ontario Inc.
2501380 Ontario Inc.



Schedule A
Account Details

	<u>Amount Outstanding</u>
BAO7475A-001	732,840.82
BAO7475A-002	682,170.01
BAO7475A-003	1,355,119.15
BAO7475A-005	1,263,140.65
BAO7475A-006	61,536.55
Accrued Fees	\$38,000.00
Total Indebtedness	\$4,132,807.18



**Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)**

TO: 2345760 Ontario Inc., an insolvent person*

Take notice that:

1. ECN Financial Inc., the successor to Element Financial Inc. and Element Financial Corporation (collectively, "ECN"), a secured creditor, intends to enforce its security on the property of the insolvent person described below:

(a) All assets and properties of 2345760 Ontario Inc., as more particularly described in the General Security Agreements dated February 28, 2013, January 15, 2016, February 29, 2016, September 15, 2016 and March 29, 2017, executed by 2345760 Ontario Inc., pursuant to which it granted a security interest in favour of ECN (collectively the "2345 Security").

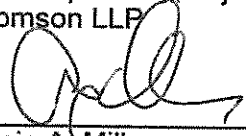
2. The security that is to be enforced is in the form of the 2345 Security referred to in section 1 herein.

4. The total amount of indebtedness currently secured by the security is the sum of \$4,132,807.18, with interest accruing thereon at the default rate of 18% per annum.

5. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, Ontario this 17th day of May, 2019.

ECN Financial Inc., the successor to
Element Financial Inc. and Element
Financial Corporation, by its lawyers,
Miller Thomson LLP

Per: 

Craig A. Mills
Telephone: (416) 595-8162
cmills@millerthomson.com

*The term "an insolvent person" is inserted in this form merely to comply with Form 115 and subsection 244(1) of the *Bankruptcy and Insolvency Act*.

**ACKNOWLEDGMENT OF RECEIPT AND
CONSENT TO EARLIER ENFORCEMENT**

We, the undersigned, **2345760 Ontario Inc.**, (the "Insolvent Person") hereby acknowledge receipt of the enclosed Demand of Payment and Notice of Intention to Enforce Security under s.244 (1) of the Bankruptcy and Insolvency Act (Canada) (the "BIA"), issued by ECN Financial Inc. (the "**Secured Creditor**") dated May 17, 2019 with respect to the security charging the property described in such notice (the "**Property**"). The Insolvent Person also hereby acknowledges its full outstanding indebtedness and liability to the Secured Creditor in the amounts set forth in the Notice of Intention to Enforce Security (collectively, the "**Liabilities**"), and hereby irrevocably waives any and all requirements for any further notice of such demand and time for payment of the Liabilities. The Insolvent Person hereby acknowledges its inability to make payment of the amount of the Liabilities and hereby consents to the immediate enforcement of the Security granted by the Insolvent Person to the Secured Creditor by any means deemed appropriate by the Secured Creditor, including the appointment by application to any court of competent jurisdiction, including the Ontario Superior Court of Justice at the option of the Secured Creditor, of a court-appointed receiver of the property, assets and undertaking of the Insolvent Person, or such person, firm or corporation as the Secured Creditor may otherwise select, in their discretion, subject to any required approval of the court. The Insolvent Person further acknowledges and confirms that it has obtained legal advice in connection with the execution of this Acknowledgement and Consent and it is executing this Acknowledgement and Consent freely, voluntarily and without any duress.

We, the undersigned, **2345760 Ontario Inc.**, does hereby waive the 10-day period provided for under s.244 (1) of the BIA, and accordingly consents to the enforcement of the Liabilities, and the appointment of a court-appointed receiver, at any time even prior to the expiry of such 10 day period, by the Secured Creditor of all of its rights and remedies under its security against the Property.

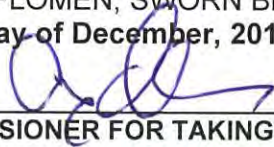
AND WE HAVE SIGNED, THIS DAY OF MAY, 2019.

2345760 Ontario Inc.

By: _____
Name:
Title: President
(I have the authority to bind the corporation)

Tab R

**This is Exhibit "R" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

FORBEARANCE AGREEMENT

THIS AGREEMENT is made as of this 17 day of July, 2019.

BETWEEN:

ECN FINANCIAL INC.

(hereinafter referred to as the "Lender")

- and -

2345760 ONTARIO INC.

(hereinafter referred to as the "Borrower")

- and -

GRACE DIENA, 2275518 ONTARIO INC., RANDO DRUGS LTD., 2275518 ONTARIO INC., M. BLACHER DRUGS LTD. now known as FAMILY HEALTH PHARMACY WEST INC., 2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. AND 2527475 ONTARIO INC.

(collectively referred to hereafter as the "Guarantors")

RECITALS:

WHEREAS the Lender was formerly known as Element Financial Inc. and is the successor in interest to Element Financial Corporation.

AND WHEREAS the Borrower is indebted to the Lender with regard to amounts owing pursuant to five (5) Promissory Notes described in Schedule A (collectively, the "Promissory Notes") in the aggregate amount of \$4,321,226.47 as at July 15, 2019, inclusive of principal and accrued interest (the "Indebtedness").

AND WHEREAS as security for the Indebtedness and for other monies advanced and for all other present and future indebtedness, fees, expenses and other liabilities due by the Borrower to the Lender (collectively, the "Obligations"), the Borrower executed the General Security Agreements and Pledge Agreements described in Schedule A (the "Borrower's Security"), pursuant to which it granted security in favour of the Lender.

AND WHEREAS the Guarantors executed guarantees (collectively, the "Guarantees") in which they jointly and severally guaranteed the Obligations and executed the General Security Agreements and Pledge Agreements described in Schedule A (collectively, the "Guarantors' Security" and, with the Borrower's Security, collectively referred to as the "Security") pursuant to which they granted security in favour of the Lender.

AND WHEREAS the maturity dates under the Promissory Notes bearing Contract Nos. BA07475A-001 and BA07475A-002 (the "Matured Contracts") occurred on March 15, 2018, and the final balloon payments that were to have been paid under each (\$730,615.47 and

\$553,896.01, respectively, for a total of \$1,284,511.48) (collectively, the "Balloon Payments") are outstanding and have not been paid by the Obligors.

AND WHEREAS the failure to pay any Obligations when due, including, but not limited to the Balloon Payments, constitutes an event of default under all of the Promissory Notes and the Security.

AND WHEREAS, in light of these continuing events of default (collectively, the "Defaults"), the Lender issued demand letters to the Borrower and the Guarantors on June 15, 2018, October 18, 2018 and May 17, 2019 in which it demanded payment of the Obligations. The Lender has also issued Notices of Intention to Enforce Security dated October 18, 2018 and May 17, 2019 (collectively, the "NITES").

AND WHEREAS the Borrower and the Guarantors have advised the Lender that they are currently unable to repay the Obligations.

AND WHEREAS the Borrower had advised the Lender that Rando Drugs Ltd. ("Rando"), one of the Guarantors, had entered into an agreement of purchase and sale dated June 23, 2018 relating to the sale of four (4) pharmacies (the details of which are listed in **Schedule B**) (collectively, the "Pharmacies") in the amount of \$8,000,000 (the "Rando APS"), which was to close on or about August 15, 2018.

AND WHEREAS the purchase price under the Rando APS was subsequently amended to \$8,200,000 and the closing date was extended on several occasions to April 30, 2019.

AND WHEREAS the Borrower subsequently advised the Lender on May 7, 2019 that the Rando APS did not close.

AND WHEREAS the Borrower has indicated to the Lender that it is continuing to pursue other opportunities to sell the Pharmacies and/or related assets, including, but not limited to the assets of Rando and/or the Borrower (the "Pharmacies and Related Assets") and, alternatively, to pursue various refinancing alternatives;

AND WHEREAS the Borrower and the Guarantors have requested that the Lender forbear from enforcing its remedies under the Security; and

AND WHEREAS the Lender has agreed to provide the Borrower and the Guarantors with additional time to repay the Obligations, subject to the terms and conditions contained herein.

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

**ARTICLE 1
INTERPRETATION**

1.1 Gender and Number

Words importing the singular include the plural and vice versa and words importing gender include all genders.

1.2 Severability

Each of the provisions contained in this Agreement is distinct and severable, and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.

1.3 Headings

The division of this Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.5 Attornment

The parties hereto irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario for all matters arising out of or in connection with this Agreement, the Promissory Notes, the Guarantees and the Security.

**ARTICLE 2
ACKNOWLEDGEMENTS IN RESPECT OF CERTAIN EVENTS OF DEFAULT**

2.1 Acknowledgement of Defaults

Each of the Borrower and the Guarantors (collectively, the "Obligors") hereby acknowledge and agree that: (a) the facts set out in the Recitals to this Agreement are accurate; (b) the Promissory Notes, the Security and the Guarantees are valid and jointly and severally enforceable in accordance with their terms and remain in full force and effect; (c) multiple events of default have occurred and are continuing pursuant to the provisions of the Promissory Notes, the Guarantees and the Security (any and all such defaults as may be existing and known to Lender as of the date hereof being referred to as the "Existing Defaults"); (d) the Lender has issued demand letters in respect of the Existing Defaults dated June 15, 2018, October 18, 2018, May 17, 2019 and the NITES to the Obligors; (e) the Lender is, by reason of the Existing Defaults (each being sufficient reason), entitled to exercise its rights and remedies under the Promissory Notes, the Guarantees and the Security without further notice, except as expressly provided in this Agreement; (f) the Existing Defaults have occurred and are continuing as of the date of this Agreement (g) the amount of the Indebtedness is correctly stated; (h) they have and

shall raise no defences, counterclaims or rights of set-off in respect to the Existing Defaults or their respective joint and several liability to pay the Obligations; (i) except as expressly provided in this Agreement, the Lender has not made any promises, nor has it taken any action or omitted to take any action, that would constitute a waiver of its rights to enforce the Promissory Notes, the Guarantees and the Security and pursue its remedies in respect of the Obligations without notice, or that would estop it from so doing; (j) they have not transferred any of their property, whether real or personal, in whole or in part, to any other person or entity which, if such transfer were known to the Lender, might reasonably be expected to deter the Lender from entering into this Agreement; and (k) no other person, other than the Obligors, has any legal or beneficial interest in any of the property secured by the Obligors in favour of the Lender.

The Obligors further acknowledge that as of the date hereof, the Lender has not waived, and does not intend to waive, such Existing Defaults, and nothing contained herein or the transactions contemplated hereby shall be deemed to constitute any such waiver.

**ARTICLE 3
CONDITIONS PRECEDENT**

3.1 Effectiveness of Agreement

This Agreement shall become effective upon the date (the "**Agreement Effective Date**") upon which the Lender is in receipt of a fully executed copy of this Agreement, fully executed by each of the Obligors.

3.2 Conditions Precedent to the Effectiveness of the Forbearance

The Lender's agreement to forbear shall only become effective on the date (the "**Forbearance Effective Date**") upon which the Lender is in receipt of all of the following items:

- (a) a fully executed irrevocable direction in the form attached as **Schedule E** as required under section 5.5(l) of this Agreement;
- (b) certificates of insurance in respect to each of the Pharmacies confirming that: (i) a policy of insurance (the "**Policy**") as required under the terms of the Security remains in full force and effect; and (ii) the Lender is named as an additional insured and as a first loss payee under the Policy. In addition, a copy of the Policy for each of the Pharmacies shall be provided; and
- (c) a consent executed by the Obligors to an order appointing a court-appointed receiver over the assets and property of the Obligors ("**Consent Receivership Order**") in the form attached hereto as **Schedule "G"**, which shall be held in escrow until the termination of this Agreement or the occurrence of an Intervening Event, as defined below.

ARTICLE 4
FORBEARANCE

4.1 **Forbearance**

In reliance upon the representations, warranties and covenants of the Obligors contained in this Agreement and in the Promissory Notes, Guarantees and Security and subject to the terms and conditions of this Agreement and the terms and conditions the Promissory Notes, the Guarantees and the Security, as modified hereby, and any documents executed in connection herewith, the Lender agrees, subject to Section 3.2 and this Section 4.1, to forbear from exercising its rights and remedies under the Promissory Notes, the Guarantees, the Security and under applicable law in respect of or arising out of any Existing Default for the period commencing on the Forbearance Effective Date and ending on the earliest of:

- (a) November 30, 2019, unless, prior to this date, the Obligors present evidence of:
 - (i) an executed and verifiable commitment letter for a refinancing of all Obligations due and owing, which transaction will close on or before December 31, 2019; or
 - (ii) an executed and verifiable agreement of purchase and sale in respect to the Pharmacies in an amount sufficient to pay the Obligations in full with a closing date on or before December 31, 2019.

Upon receipt of either of the transactional documents as noted in Section 4.1(a) above, the Lender will advise the Obligors in writing whether it, in its sole discretion, will agree to extend the Forbearance Period to December 31, 2019;

- (b) the date upon which the Obligations are paid in full; or
- (c) the occurrence of any Intervening Event as hereinafter defined,

(the "Forbearance Period").
- (d) Upon the expiration or termination of the Forbearance Period, the agreement of the Lender to forbear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Lender to exercise its rights and remedies without limitation, including taking steps to issue the Consent Receivership Order granted in accordance with this Agreement.

4.2 **No Other Waivers; Reservation of Rights**

- (a) The Lender has not waived, and is not by this Agreement waiving, and has no intention of waiving, any Event of Default, each of which are continuing on the

date hereof, or any Intervening Event which may occur after the date hereof (whether the same as or similar to the Existing Defaults or otherwise).

- (b) Subject to Section 4.1 of this Agreement, the Lender reserves the right, in its sole discretion only, to exercise any or all of its rights or remedies under any of the Promissory Notes, the Security and the Guarantees or other applicable law as a result of any Event of Default, each of which is continuing on the date hereof or any Intervening Event which may occur after the date hereof, and the Lender has not waived any such rights or remedies, and nothing in this Agreement and no delay on the part of the Lender in exercising any such rights or remedies, shall be construed as a waiver of any such rights or remedies.

4.3 Tolling

- (a) As of the date hereof and continuing until the expiry of or termination of the Forbearance Period, as applicable, the Lender and the Obligors hereby agree to toll and suspend the running of the applicable statutes of limitations, laches and other doctrines related to the passage of time in relation to the Obligations, the Promissory Notes, the Security and the Guarantees and any entitlements arising from the Obligations, the Promissory Notes, the Security and the Guarantees and any related matters, and each of the parties confirms that this Agreement is intended to be an agreement to suspend or extend the basic limitation period, provided by section 4 of the *Limitations Act, 2002*, S.O. 2002, c. 24, Sched B. (the "**Limitations Act**") as well as the ultimate limitation period provided by section 15 of the *Limitations Act* in accordance with the provisions of section 22(2) of the *Limitations Act* and as a business agreement in accordance with the provisions of section 22(5) of the *Limitations Act* and any contractual time limitations on the commencement of proceedings, any claims or defences based upon such application of statute of limitations, contractual limitations or any time-related doctrine including waiver, estoppel or laches;
- (b) The tolling provisions of this Agreement will terminate upon any of its parties providing the others with 60 days' prior written notice of an intention to terminate the tolling provisions hereof, and upon the expiry of such 60 days' notice, any time provided for under the statute of limitations, laches, or any other doctrine related to the passage of time in relation to the Obligations, the Promissory Notes, the Security and the Guarantees or any claims thereunder, will recommence running as of such date, and for greater certainty the time during which the parties agree to the suspension of the limitation period pursuant to the tolling provisions of this Agreement shall not be included in the computation of any limitation period.

**ARTICLE 5
ADDITIONAL OBLIGATIONS OF THE OBLIGORS DURING FORBEARANCE PERIOD**

5.1 Appointment of Refinancing and Sale Advisor

- (a) the Obligors shall agree to engage KPMG as sole and exclusive refinancing and sales advisor (the "**Refinancing and Sales Advisor**") on behalf of the Obligors for the purposes of developing, administering and conducting a refinancing or sale process (the "**RSP**"), with the assistance of the Obligors, in respect to the Pharmacies and Related Assets on the principal terms and conditions ("**Terms and Conditions**") attached at **Schedule C**, and in accordance with the timeline (the "**Timeline**") attached at **Schedule D**.
- (b) The Obligors agree that, throughout the RSP, they will:
 - (i) fully cooperate with KPMG, including providing unfettered access to all Pharmacies and Related Assets and all requested information pertaining thereto, including, but not limited to, the books and records of the Obligors, lease agreements pertaining to each of the Pharmacies and adjudication reports, in order to assist with the RSP for the purposes of concluding a transaction, either by way of refinancing arrangements or a sale of the Pharmacies ("**RSP Transaction**");
 - (ii) adhere to and abide by the Terms and Conditions and the Timeline;
 - (iii) be solely responsible for KPMG's fees, including the timely payment of any required retainer and periodically submitted invoices for services rendered in respect to the monitoring and the RSP.
- (c) For clarity, the Obligors acknowledge that KPMG will act solely as Refinancing and Sales Advisor to the Obligors and it will take no part in the management of or have any control over the Obligors' business or affairs, the sole responsibility for which remains with the Obligors. However, KPMG will have the authority to report directly to Lender.

5.2 Payments

The Obligors agree to make the following payments during the Forbearance Period:

- (a) all required payments under the Promissory Notes bearing Contract Nos. BA07475A-003, BA07475A-005 and BA07475A-006 in accordance with their terms (the "**Contract Payments**");
- (b) in respect to the Matured Contracts, the Obligors will deliver monthly payments of \$10,000, which will applied as follows:

- (i) firstly, in respect to interest accruing on the Matured Contracts, calculated at the regular rate of interest stipulated in each of the Matured Contracts¹; and
- (ii) secondly, the remaining balance will be applied to the principal owing under the Matured Contracts;
- (c) payment of the Lender's accrued legal fees in the amount of \$70,707.53, payable within 30 days from the Agreement Effective Date; and
- (d) payment of the Lender's legal fees going forward within 15 days from the date of the monthly statement to be delivered to the Obligors by the Lender.

The Obligors are at liberty to make any additional payments to be applied toward the Obligations at any time. The payments noted in Section 5.2(b) above shall be paid by way of wire transfer payable to "ECN Financial Inc." pursuant to the Lender's wire transfer instructions set forth in **Schedule F**, or such other payment method as may be agreed upon by the Lender.

5.3 Assignment of Lease Agreements

In respect to all real property lease agreements relating to the Pharmacies (the "Leases"), the Obligors will use all best efforts to provide the Lender with an assignment of the Leases by way of security, in a form acceptable to the Lender.

5.4 Balance of Obligations

The balance of the Obligations, in addition to any accrued interest and outstanding fees and costs, including, without limiting the generality of the foregoing, all legal fees and disbursements incurred by the Lender in respect of or in any way related to the Promissory Notes, Guarantees and Security or this Agreement, all of which will be due and payable in full and in cash upon the earlier of: (i) the expiry of the Forbearance Period; or (ii) the occurrence of an Intervening Event as provided in Section 7.1 below. ECN will provide an updated calculation of the Obligations upon request.

5.5 Other Obligations

The Obligors agree to:

- (a) conduct and operate their businesses, including the Pharmacies, at all times, in the ordinary course of business;
- (b) commit, at all times, to ensuring that the bank account currently established in respect to the pre-authorized payments in respect to the Promissory Notes will have sufficient funds to cover all anticipated payments during the Forbearance Period;

¹ In respect to Contract No. BA07475A-001, the contract rate of interest is 8.5 % per annum. The contract rate of interest in respect to Contract No. BA07475A-002 is 6.5% per annum. For clarity, the Lender does not waive its right to calculate interest at the default rate should the Obligors default in respect to these payments.

- (c) provide on-line, read only access to the Lender to all bank accounts of the Obligors;
- (d) deliver to the Lender in respect to each of the Pharmacies: (i) copies of weekly adjudication reports; and (ii) copies of all submissions by for reimbursement to the Ontario Drug Benefit program and to any insurance companies;
- (e) assist KPMG in keeping the Lender apprised, either orally or in writing, of all developments relating to the Obligors' efforts to refinance or sell any of the Obligors' assets or businesses on a regular basis, including, but not limited to, when a refinancing proposal sufficient to fully pay the Obligations or an agreement of purchase and sale is entered into by the Obligors in respect to the Pharmacies. The reporting from KPMG and the Obligors shall include, but is not limited to, copies of any financing proposals and/or commitment letters, purchase agreements, statements of adjustment and other associated documents. The Obligors authorize the Refinancing and Sales Advisor to communicate with and provide periodic updates to the Lender and its professional advisors as requested by the Lender;
- (f) adhere to all existing financial and other covenants in the Promissory Notes, the Guarantees, the Security and this Agreement;
- (g) keep current at all times, all remittances required to be made by the Obligors for taxes owed to federal, provincial and municipal governments, including, without limitation, realty taxes, business taxes, monies owed in respect of source deductions for contributions pursuant to the *Canada Pension Plan, Employment Insurance Act (Canada)* and *Income Tax Act (Canada)*, and in respect of Harmonized Sales Tax, Goods and Services Tax and Retail Sales Tax and each of them shall provide, upon the Lender's request thereof, evidence in writing of such payments, satisfactory to the Lender;
- (h) maintain in full force and effect, adequate insurance coverage, acceptable to the Lender, on all assets owned by them against which the Lender has security, showing the interest of the Lender on the insurance as loss payee/additional insured and providing that the coverage cannot be cancelled by the insurer without at least ten (10) business days' prior written notice to the Lender from the insurer;
- (i) any financial statements or other financial information required from time to time in respect to the Obligors, within five (5) business days of the Lender's request;
- (j) permit the Lender and/or its authorized agents to examine the Obligors' and the Pharmacies' books of account and other financial records on the Lender's reasonable request;
- (k) permit the Lender and/or its authorized agents to inspect, at its discretion, the Pharmacies on a weekly basis; and
- (l) execute an irrevocable direction (the "**Direction**") in respect to any funds or proceeds generated through a RSP Transaction and any other proceeds arising from the sale of the Obligors' assets and property, attached as **Schedule "E"**.

**ARTICLE 6
COVENANTS**

6.1 Bankruptcy

The Obligors hereby covenant and agree not to make an assignment in bankruptcy, file a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* or commence proceedings under the *Companies' Creditors Arrangement Act* at any time during the Forbearance Period.

6.2 Additional Covenants

- (a) The Obligors represent, warrant, covenant and agree that all business in the nature of or related to the business transacted by the Obligors prior to the date hereof, including, without limitation, the Pharmacies, shall continue to be transacted in the nature of and for the account of the Obligors. In particular, no such business or transaction shall be performed in the name of, or recorded or applied for the benefit of any person, firm or corporation other than the Obligors. For greater certainty, this will include a restriction on payment of amounts owing for management fees and similar related party compensation, notwithstanding that such payments may have been made historically. The Obligors acknowledge and agree that they shall deposit all revenues, collections or accounts receivable and any other income generated by the Obligors only to their current bank accounts. The Obligors agree that they shall not, without the prior written consent of the Lender, compromise the amount of any accounts receivable payable to the Obligors or otherwise compromise or reduce any amount owing to any of the Obligors by a third party;
- (b) The Obligors confirm to and in favour of the Lender that all assets secured by the Lender's security are in existence, in the possession and control of the Obligors and have not been transferred, sold, encumbered or impaired in any manner which would deteriorate from or adversely affect the value of same excluding inventory which is being sold in the ordinary course of business;
- (c) The Obligors confirm that the financial and other information in respect to the Obligors provided to the Lender by email on May 22, 2019 is accurate and, in respect to the financial information, has been prepared in accordance with generally accepted accounting principles;
- (d) The Obligors confirm to and in favour of the Lender that the Pharmacies are operating and conduct business in the normal course and are in compliance with all applicable laws and regulations;
- (e) The Obligors confirm to the Lender that all real property lease agreements (the "**Pharmacy Leases**") in respect to the Pharmacies are in full force and effect, current and are not in default. In particular, no landlord has terminated any of the Pharmacy Leases, exercised rights of distraint or commenced enforcement proceedings;

- (f) The Obligors agree that KPMG's appointment as Refinancing and Sales Officer does not preclude it from being appointed as a court-appointed receiver of the assets and property of the Obligors pursuant to the Consent or otherwise;
- (g) The Obligors covenant and agree that, except as expressly permitted in this Agreement, they will not grant any further security on any of their property, assets or undertakings without the prior written consent of the Lender, which may be withheld by the Lender in its sole discretion;
- (h) The Obligors acknowledge and agree that there will be no change of ownership or control of those Obligors consisting as business organizations, unless and until the Obligations have been repaid or with the prior written consent of the Lender, which may be withheld by the Lender in its sole discretion;
- (i) The Obligors may not pay to their shareholders or any party related within the meaning of the *Business Corporations Act* of Ontario, or any shareholders of any related party, any amount outside the ordinary course of business, dividend or any repayment of loan, without the prior written consent of the Lender, which may be withheld by the Lender in its sole discretion;
- (j) The Obligors acknowledge and agree that any existing shareholder loans will not be repaid by the Obligors without the Lender's written consent and the Obligors will not grant any loan to any officer or director of the Obligors or any other related party as defined above until such time as the Obligations are repaid in full and in cash;
- (k) The Obligors represent, warrant, covenant and agree that there are no claims, liens, lawsuits, tax reassessments or other actions in existence or anticipated in respect of the Lender's collateral pursuant to the Security; and
- (l) The Obligors will not loan funds, make equity investments or provide financial assistance to any third party by way of a guarantee, suretyship, or otherwise until such time as the Obligations have been repaid in full and in cash.

**ARTICLE 7
INTERVENING EVENTS**

7.1 Intervening Events

The Forbearance Period shall forthwith terminate upon the happening of any one of the following events (each an "**Intervening Event**"):

- (a) failure by the Obligors or any of them to comply with the terms and conditions of this Agreement, the Promissory Notes, the Guarantees or the Security and delivery by Lender to the Obligors of written notice of such failure, which default is not cured within two (2) Business Days of such notice, which notice shall be sent to the Obligors' lawyer, Jerome Stanleigh at jerome@stanleigh.com or by fax at 416.924.2887;

- (b) Failure by the Obligors or any of them to make any of the payments set out in Sections 5.1(b)(iii) and 5.2 hereof by the dates stipulated in those subsections or as otherwise required;
- (c) Failure by the Obligors or any of them to cooperate with, failing to assist the Refinancing and Sales Advisor in achieving any of the RSP milestones as set out in the Timeline (at Schedule E), make timely payment to KPMG in respect of its invoices for services
- (d) Failure by the Obligors or any of them to produce by no later than October 31, 2019 verifiable commitments with respect to concluding an RSP Transaction in accordance with Section 4.1(a) of this Agreement;
- (e) the occurrence of an Event of Default pursuant to the Promissory Notes, the Guarantees or the Security, other than the Existing Defaults, after the date hereof;
- (f) the Lender becoming aware that any of the representations of the Obligors in this Agreement are or were untrue;
- (g) the Obligors breach any of the covenants set out in this Agreement;
- (h) a judgment, penalty, fine or other monetary obligation being rendered against the Obligors or any of them in excess of \$20,000;
- (i) the Lender's receipt from the Obligors of a written notice of an intention to terminate the tolling provisions pursuant to Section 4.3(b) above;
- (j) the expiry of the Forbearance Period;
- (k) the Lender determining in its absolute discretion that continuing with the forbearance will negatively impact its priority position in respect of the Security or its ability to maximize its realization with respect to any Security;
- (l) any of the Obligors are declared bankrupt, or file for any protection under the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act*;
- (m) any of the Obligors disposing or attempting to dispose of their property (other than in the ordinary course of business of the Obligors to *bona fide* third parties for good and valuable consideration) without the Lender's prior written consent, which may be withheld at its sole discretion; or
- (n) the collateral secured by the Security is at risk due to lack of adequate insurance or the Lender is not named as the additional insured and first loss payee in respect of the collateral under existing insurance.

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**ARTICLE 8
GENERAL PROVISIONS**

8.1 Effect of this Agreement

Except as modified pursuant hereto, no other changes or modifications to the terms of the Promissory Notes, Guarantees or the Security are implied and in all other respects of the terms of the Promissory Notes, Guarantees and the Security are confirmed.

8.2 Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Agreement all at the expense of the Obligors.

8.3 Binding Effect

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

8.4 Representation and Warranty

The Obligors further represent and warrant to the Lender that the Obligors:

(a) understand fully the terms of this Agreement and all Schedules to this Agreement and the consequences of the execution and delivery of this Agreement and all Schedules to this Agreement;

(b) have been afforded an opportunity to review and discuss this Agreement and all Schedules thereto (along with all documents executed in connection therewith) with legal counsel and financial advisors; and

(c) have entered into this Agreement and any documents contemplated to be executed and delivered pursuant to this Agreement freely and without threat, duress or other coercion of any kind by the Lender or by any other person.

8.5 Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Agreement and such other document.

8.6 Release

The Obligors, upon the execution of this Agreement, hereby irrevocably and absolutely release and discharge the Lender and its affiliates and their respective directors, officers, employees, agents and assigns (the "**Released Parties**"), from and against any and all claims, liabilities, causes of action (whether at law, in equity or otherwise), set-offs, counterclaims, and damages and demands, whether known or unknown, whether liquidated or unliquidated, matured or unmatured, fixed or contingent, that they may have against the Released Parties or any of them resulting from or related to any act or omission of the Released

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2345760 ONTARIO INC.

Per:



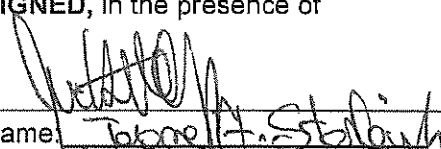
Name: D. DIENNA

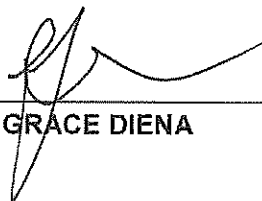
Title: PRESIDENT

I/We have the authority to bind the corporation

SIGNED, in the presence of

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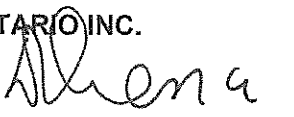

Name: J. Stobay
A Notary Public in and for the Province of Ontario


GRACE DIENNA

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2275518 ONTARIO INC.

Per:



Name: D. DIENNA

Title: PRESIDENT

I/We have the authority to bind the corporation

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)

RANDO DRUGS LTD.

Per:



Name: D. DIENNA

Title: PRESIDENT

I/We have the authority to bind the corporation

)
) **FAMILY HEALTH PHARMACY WEST**
) **INC., formerly known as M. BLACHER**
) **DRUGS LTD.**
)

) Per: *Alena*
) Name: *D DIENA*
) Title: *President*
) I/We have the authority to bind the
) corporation

)
) **2527218 ONTARIO INC.**
)

) Per: *Alena*
) Name: *D DIENA*
) Title: *PRESIDENT*
) I/We have the authority to bind the
) corporation

)
) **DUMOPHARM INC.**
)

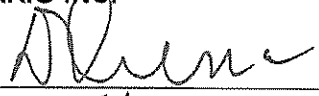
) Per: *Alena*
) Name: *D DIENA*
) Title: *PRESIDENT*
) I/We have the authority to bind the
) corporation

)
) **2527475 ONTARIO INC.**
)

) Per: *Alena*
) Name: *D DIENA*
) Title: *PRESIDENT*
) I/We have the authority to bind the
) corporation

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2501380 ONTARIO INC.

Per: 

Name: D DIANA

Title: PRESIDENT

I/We have the authority to bind the corporation

SCHEDULE A
DETAILS OF PROMISSORY NOTES AND SECURITY AGREEMENTS

Promissory Notes

Debtor Name	Contract	Principal Amount	Date	PN Borrower
2345760 Ontario Inc.	BA07475A-001	\$1,150,000.00	2/25/2013	2345760 Ontario Inc.
2345760 Ontario Inc.	BA07475A-002	\$725,000.00	1/15/2016	2345760 Ontario Inc.
2345760 Ontario Inc.	BA07475A-003	\$1,752,750.00	2/26/2016	2345760 Ontario Inc.
2345760 Ontario Inc.	BA07475A-005	\$180,000.00	9/12/2016	2345760 Ontario Inc.
2345760 Ontario Inc.	BA07475A-006	\$181,500.00	3/31/2017	2345760 Ontario Inc.

Guarantees

Guarantor	Date
Grace Diena	Mar 3/13
2275518 Ontario Inc.	Feb 28/13
Rando Drugs Ltd.	Mar 3/13
2275518 Ontario Inc.	Jan 15/16
Rando Drugs Ltd.	Jan 15/16
Grace Diena	Jan 15/16
2275518 Ontario Inc.	Feb 29/16
Rando Drugs Ltd.	Feb 29/16
M. Blacher Drugs Ltd.	Feb 29/16
2501380 Ontario Inc.	Feb 29/16
Grace Diena	Feb 29/16
2527218 Ontario Inc.	Sept 12/16
Dumopharm Inc.	Sept 12/16
Rando Drugs Ltd.	Sept 12/16
Grace Diena	Sept 12/16
2527475 Ontario Inc.	Sept 12/16

2345760 Ontario Inc.	
2275518 Ontario Inc.	Mar 29/17
Dumopharm Inc.	Mar 29/17
Rando Drugs Ltd.	Mar 27/17
Grace Diena	Mar 27/17

Security Agreements

Name	Date
2345760 Ontario Inc.	Feb 28/13
Grace Diena	Feb 28/13
2275518 Ontario Inc.	Feb 28/13
Rando Drugs Ltd.	Feb 28/13
2345760 Ontario Inc.	Jan 15/16
2275518 Ontario Inc.	Jan 15/16
Rando Drugs Ltd.	Jan 15/16
Grace Diena	Jan 15/16
2345760 Ontario Inc.	Feb 29/16
2275518 Ontario Inc.	Feb 29/16
Rando Drugs Ltd.	Feb 29/16
M. Blacher Drugs Ltd.	Feb 29/16
2501380 Ontario Inc.	Feb 29/16
Grace Diena	Feb 29/16
2527218 Ontario Inc.	Sept 12/16
2345760 Ontario Inc.	Sept 15/16
2275518 Ontario Inc.	Sept 12/16
Dumopharm Inc.	Sept 12/16
Rando Drugs Ltd.	Sept 12/16
Grace Diena	Sept 12/16
2527475 Ontario Inc.	Sept 12/16
2345760 Ontario Inc.	Mar 29/17
2275518 Ontario Inc.	Mar 29/17
Dumopharm Inc.	Mar 29/17
Rando Drugs Ltd.	Mar 29/17
Grace Diena	Mar 29/17

Pledge Agreements

Pledgor	Date	Shares Pledged
2345760 Ontario	Jan 15/16	Rando Drugs Ltd.
2345760 Ontario	Feb 29/16	M Blacher Drugs Ltd.
2501380 Ontario	Feb 29/16	M Blacher Drugs Ltd.
2527475 Ontario	Sept 12/16	Dumopharm Inc.

Schedule B**List of Rando Pharmacies**

1. **Family Health Pharmacy**
6720 Hawthorne Dr.
Windsor, ON N8T 1J9
2. **Family Health Pharmacy West**
1604 Tecumseh Rd. W
Windsor, ON N9B 1T8
3. **Family Health Pharmacy Novacare**
3A-1275 Walker Rd.
Windsor, ON N8Y 4X9
4. **Family Health Pharmacy Walpole Island**
85 Tecumseh Rd. RR3
Wallaceburg, ON N8A 4K9

Schedule C
Summary/Indicative Terms and Conditions (re RSP)

RSP Mandate

- Identify prospective buyers/lenders/investors
- Assist in preparing financial information to support diligence and drive value
- Preparing marketing materials, in cooperation with the Obligors, including a teaser (high-level, anonymous information), and CIM (more in-depth based on confidential information)
- Prepare instructions to potential interested parties regarding the process (including draft APA, sale approval order, etc. as is determined to be appropriate in the circumstances)
- Market the Pharmacies
- Maintain data room, as populated with the assistance of the Obligors
- Review, analysis, and recommendations on offers received
- Assist in negotiating, finalizing, closing offer
- Other as may be informed by the RSP terms agreed to between the Obligors and their Lender, ECN, pursuant to the Forbearance Agreement
-
-

**Schedule D
Timeline for RSP**

Preparation of Marketing Materials – 3 weeks from date of RSP Engagement:

- Preparation of refinancing and marketing materials including refinancing and sale process documentation, non-disclosure agreements, teaser, Confidential Information Memoranda, lender list, buyer list, draft asset purchase agreement, data room population

Marketing the business to potential lenders and buyers – 4 weeks from Preparation of Marketing Materials above:

- Commence process of marketing business for refinance or sale

Final LOI Deadlines - 2 weeks from completion of Marketing Activities above:

- Final refinance and/or bid deadlines
- Selection of winning lender or asset purchaser

Closing - 2 weeks from above:

- Preparation of Court materials and approval application if a formal process is required to execute a sale
- Execution of loan and security documents required to refinance

* The above-noted timelines are subject to adjustment at the discretion of the Refinancing and Sales Advisor

Schedule E

IRREVOCABLE DIRECTION REGARDING FUNDS

TO: JEROME STANLEIGH, BARRISTER AND SOLICITOR

AND TO: MILLER THOMSON LLP

RE: TRANSACTION(S) IN RESPECT TO THE SALE OF THE PHARMACIES OWNED BY RANDO DRUGS LTD. OR ALTERNATIVELY, REFINANCING THE OBLIGATIONS OF THE OBLIGORS (COLLECTIVELY, THE "TRANSACTIONS")

WHEREAS ECN Financial Inc. (the "Lender") and 2345760 Ontario Inc. (the "Borrower"), Grace Dena, 2275518 Ontario Inc., Rando Drugs Ltd., M. Blacher Drugs Ltd. now known as Family Health Pharmacy West Inc., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc. and 2527475 Ontario Inc. (collectively, the "Obligors") have executed a Forbearance Agreement dated July --, 2019 ("Forbearance Agreement") in respect to certain obligations (the "Obligations") owed to the Lender as a result of various Existing Defaults, as particularized in the Forbearance Agreement;

AND WHEREAS, pursuant to the terms of the Forbearance Agreement, the Lender has agreed to forbear for the period stated in the Forbearance Agreement from enforcing the Obligations in return for, among other things, an irrevocable direction being provided with respect to any amounts arising from a RSP Transaction, as described in the Forbearance Agreement;

NOW THEREFORE, IN CONSIDERATION OF the Lender forbearing from enforcing the Obligations for the period stated in the Forbearance Agreement, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the undersigned:

The undersigned hereby irrevocably authorize and direct Jerome Stanleigh, in his capacity as the lawyer for the Obligors, or any lawyers appointed to act on behalf of the Obligors in respect to the RSP Transactions, to pay any amounts arising from the RSP Transactions (which, for clarity, includes, but is not limited to, a sale of the Pharmacies or a refinancing of the Obligations) to the Lender in respect to all amounts owing under the Promissory Notes and the Guarantees executed by the Obligors in favour of the Lender and this shall be your good and sufficient authority for so doing.

All capitalized terms used but not otherwise defined in this Direction have the respective meanings defined in the Forbearance Agreement.

DATED this 17th day of July, 2019

[signatures to follow on the following page]

2345760 ONTARIO INC.

Per: Alena

Name: D DIENA

Title: PRESIDENT

I/We have the authority to bind the corporation

Page 2

RANDO DRUGS LTD.

Per: Alena

Name: D DIENA

Title: PRESIDENT

I/We have the authority to bind the corporation

2275518 ONTARIO INC.

Per: Alena

Name: D. DIENA

Title: PRESIDENT

I/We have the authority to bind the corporation

2275518 ONTARIO INC.

Per: Alena

Name:

Title:

I/We have the authority to bind the corporation

**Schedule F
Wire Transfer Information**



EFFECTIVE OCTOBER 3, 2016

Wire instructions for ECN Financial Inc.:

Beneficiary account information:

Bank of Montreal

Bank Code #: 0001

Swift: BOFMCAM2

Account: 0002-1869-653

Transit: 00022

Currency: CAD

Bank address:

Bank of Montreal

First Canadian Place

100 King Street West, 11th Floor

Toronto, Ontario

M5X 1A3

**Schedule G
Consent to Receivership Order**

THE PARTIES LISTED BELOW, by their lawyers, consent to an order appointing a Court-Appointed Receiver in the form attached hereto, and certify that no party to this proceeding is under any legal disability.

Date: July 17, 2019



Jerome H. Stanleigh
Barrister & Solicitor

Lawyer for 2345760 Ontario Inc., 2275518 Ontario Inc., Rando Drugs Ltd., 2275518 Ontario Inc., M. Blacher Drugs Ltd. now known as Family Health Pharmacy West Inc., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc., 2527475 Ontario Inc. and Grace Dena

Miller Thomson LLP

per: Craig A. Mills

Lawyers for ECN Financial Inc.

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Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE M) ●DAY, THE ____
JUSTICE)
BETWEEN) DAY OF JUNE, 2019

ECN FINANCIAL INC.

Plaintiff

- and -

2345760 ONTARIO INC., RANDO DRUGS LTD, GRACE DIENA, 2275518 ONTARIO INC., 2275518 ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC. formerly known as M. BLACHER DRUGS LTD., 2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. and 2527475 ONTARIO INC.

Defendants

ORDER
(appointing Receiver)

THIS MOTION made by the Plaintiff for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing KPMG Inc. ("KPMG") as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of 2345760 Ontario Inc., ("234") Rando Drugs Ltd. ("Rando"), Grace Diena ("Grace"), 2275518 Ontario Inc. ("227"), Family Health Pharmacy West Inc. Formerly known as M. Blacher Drugs Ltd. ("Family Health"), 2501380 Ontario Inc. ("250"), 2527218 Ontario Inc. ("25272"), Dumopharm Inc. ("Dumopharm") And 2527475 Ontario Inc. ("25274") (together, the

“Debtors”) acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Adam Flomen sworn June ●, 2019, and on hearing the submissions of counsel for the Plaintiff, and on reading the consent of KPMG to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, KPMG is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the “Property”).

RECEIVER’S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent

security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

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

instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$100,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to summarily dispose of Property that is perishable or likely to depreciate rapidly in value;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the

Property and the Receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any licensed insolvency trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (s) to inquire into and report to the Plaintiff and the Court on the financial condition of the Debtors and the Property and any material adverse developments relating to the financial condition of the Debtors and/or the Property; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;
- (u) and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including, but not limited to the Ontario College of Pharmacists, the Ministry of Health and Long-Term Care, the Ontario Drug Benefit Program and any insurance company (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

5A. THIS COURT ORDERS that, should the Receiver deem it necessary to seek from any insurance company or its pharmacy benefits manager personal information regarding persons covered pursuant to benefit plans which might have had claims under such plans relating to the Debtors, such information shall be sought pursuant to a

motion on notice to the insurance company and its pharmacy benefits manager. Such information shall only be released by the insurance company or its pharmacy benefits manager on the agreement of such insurance company or as provided in the Order so obtained.

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

6A. THIS COURT ORDERS that in respect to the Client Records, the Receiver shall: (i) take all steps reasonably necessary to maintain the integrity of the confidential aspect of the Client Records; (ii) if necessary, appoint a pharmacist licensed and qualified to practice in the Province of Ontario to act as custodian (the "Custodian") for the Client Records; (iii) not allow anyone other than the Receiver or the Custodian to have access to the Client Records; (iv) allow the Debtors supervised access to the Client Records for any purposes required pursuant to the *Regulated Health Professions Act, 1991*, the *Pharmacy Act, 1991* or any other governing Ontario or Canadian statute, that requires the Debtors, from time to time, to perform certain obligations.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

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

Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

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

PIPEDA

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

16. THIS COURT ORDERS that, pursuant to section 42 of the Ontario *Personal Health Information Protection Act* ("**PHIPA**"), the Receiver shall only disclose personal

health information to prospective purchasers or bidders who are potential successor(s) to the pharmacy business of the Debtors (the "**Pharmacy**") as Health Information Custodian(s) (as defined in the PHIPA) for the purposes of allowing the potential successor to assess and evaluate the operations of the Pharmacy. Each potential successor to whom such personal health information is disclosed is required in advance of such disclosure to review and sign an acknowledgement of this Order indicating that it agrees to keep the information confidential and secure and not to retain any of the information longer than is necessary for the purposes of the assessment or evaluation, and if such potential successor does not complete a Sale, such potential successor shall return all such information to the Receiver, or in the alternative shall destroy all such information. Such acknowledgement shall be deemed to be an agreement between the Receiver and the potential successor for the purposes of section 42 of PHIPA.

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

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SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL 'www.kpmg.com/ca/rando'.

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

GENERAL

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

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

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

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

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

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

34. THIS COURT ORDERS that the Receiver, its counsel and counsel for the Plaintiff are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other

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correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KPMG Inc., the Receiver (the "Receiver") of the assets, undertakings and properties 2345760 Ontario Inc., Rando Drugs Ltd., Grace Diena, 2275518 Ontario Inc., Family Health Pharmacy West Inc. Formerly known as M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc. and 2527475 Ontario Inc. (collectively the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated ● day of June, 2019 (the "Order") made in an action having Court file number CV-●, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

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

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

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

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

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

DATED the _____ day of _____, 2019.

KPMG Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per
:

Name:
Title:

ECN FINANCIAL INC.
Plaintiff

2345760 ONTARIO INC., et al.
Defendants

Court File No: CV-●

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

**ORDER
(APPOINTING RECEIVER)**

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Craig A. Mills LSUC#: 40947B
Tel: 416.595.8596
Email: cmills@millerthomson.com

Fax: 416.595.8695

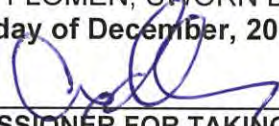
Solicitors for the Plaintiff

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Tab S

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**This is Exhibit "S" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

MCTAGUE
 LAW FIRM LLP
 BARRISTERS & SOLICITORS

ROGER A. SKINNER
 JOSEPHINE STARK
 BRIAN L. CHILLMAN
 GARTH M. KIDD
 STEVEN J. SPRIGGS
 ZACHARY A. KNOX

ALEXANDER R. SZALKAI, Q.C.
 TOM SERAFIMOVSKI
 DAVID M. AMYOT
 DAVID M. SUNDIN
 JOSEPH A. MALANDRUCCOLO

HELEN M. McTAGUE, Q.C. (1893-1986)

STEPHEN C. ROBERTS*
 MICHAEL A. WILLS
 ROBERT R. TOMEK
 M. CLAIRE BEBBINGTON
 SAMUEL M. ATKIN

MICHAEL K. COUGHLIN
 JEFFREY W. MACKINNON
 NANCY JAMMU-TAYLOR
 DARWIN E. HARASYM
 SARAH A. MILLS

COUNSEL: PAUL L. MULLINS

** Certified Specialist in Workplace Safety & Insurance Law by the Law Society of Upper Canada*

Facsimile: 519-255-4360
 www.mctaguelaw.com

455 Pelissier Street, Windsor, Ontario, N9A 6Z9 Canada
 Windsor: 519-255-4300

Direct Dial: 519-255-4363
 Email: jmackinnon@mctaguelaw.com

September 25, 2019

REGULAR MAIL AND E-MAIL

Rando Drugs Ltd.
 6720 Hawthorne Drive
 Windsor, ON N8T 1J9

Rando Drugs Ltd.
 200 - 4256 Bathurst Street
 Toronto, ON M3H 5Y8

Dear Sir/Madam:

RE: Termination of Lease between Windsor Medical Clinic, a Division of Chopra, Joshi, Karnik & Lamont Medicine Professional Corporation (the "Landlord") and Rando Drugs Ltd. (the "Lease"), for the premises, municipally known as 6720 Hawthorne Drive, Windsor, Ontario (the "Premises")

We represent the Landlord in connection with the above-noted Lease.

Take notice that the Landlord does hereby terminate the above month to month tenancy. The Landlord is only required to provide 30 clear days' notice, but in order to allow for an orderly transition, the Landlord has agreed to provide additional time. Accordingly, the termination is to be effective on November 30, 2019.

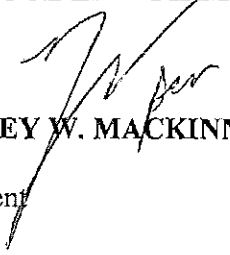
You are required to vacate and surrender the Premises on or before that date and:

1. Deliver the Premises to the Landlord;
2. Remove all of your property from the Premises; and
3. Restore the Premises to its pre- Lease condition.

Notwithstanding the termination of the Lease, be further advised that the Landlord continues to hold you responsible for all arrears of rent due under same, plus interest, plus costs.

If you require additional time our client will consider a short extension, but such an extension would need to be agreed to in writing and would be at the sole discretion of the Landlord and conditioned on your making continued good faith efforts to vacate the premises.

Regards,
MCTAGUE LAW FIRM LLP


JEFFREY W. MACKINNON

CC: client

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MCTAGUE
LAW FIRM LLP
BARRISTERS & SOLICITORS

ROGER A. SKINNER
JOSEPHINE STARK
BRIAN L. CHILLMAN
GARTH M. KIDD
STEVEN J. SPRIGGS

ALEXANDER R. SZALKAI, Q.C.
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DARWIN E. HARASYM
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COUNSEL: PAUL L. MULLINS
** Certified Specialist in Workplace Safety & Insurance Law by the Law Society of Upper Canada*

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455 Pelissier Street, Windsor, Ontario, N9A 6Z9 Canada
Windsor: 519-255-4300

Direct Dial: 519-255-4363
Email: jmackinnon@mctaguelaw.com

October 22, 2019

SENT VIA E-MAIL

Rando Drugs Ltd.
6720 Hawthorne Drive
Windsor, ON N8T 1J9

Dear Sir/Madam:

RE: Termination of Lease between Windsor Medical Clinic, a Division of Chopra, Joshi, Karnik & Lamont Medicine Professional Corporation (the "Landlord") and Rando Drugs Ltd. (the "Lease"), for the premises, municipally known as 6720 Hawthorne Drive, Windsor, Ontario (the "Premises")

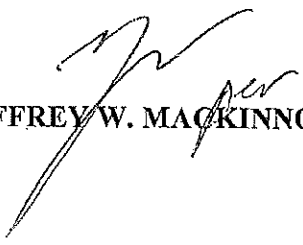
Pursuant to our letter dated September 25, 2019, the above-noted Lease was to be terminated effective November 30, 2019.

As a gesture of good-faith, and without prejudice to our client's rights under the Lease, the termination dated is extended until December 31, 2019.

By signing below, you acknowledge the extension and confirm that you will vacate and surrendered the Premises on or before December 31, 2019 and:

1. Deliver the Premises to the Landlord;
2. Remove all of your property from the Premises; and
3. Restore the Premises to its pre- Lease condition.

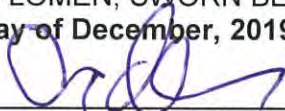
Regards,
MCTAGUE LAW FIRM LLP


JEFFREY W. MACKINNON

RANO DRUGS LTD.
Per: Dani Diena
Acknowledged and Agreed

Tab T

**This is Exhibit "T" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

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SECOND RENEWAL LEASE

THIS RENEWAL LEASE made as of the 31st day of December, 2015.

BETWEEN:

**Chopra, Joshi, Karnik & Lamont
Medicine Professional Corporation**

(the "Landlord")

- and -

Rando Drugs LTD.

(the "Tenant")

WHEREAS:

- A. Medilease Corporation ("**Medilease**") entered into a Lease dated the 1st day of January, 2007, with the Tenant for the Premises (the "**Original Lease**") in the building situated at 6720 Hawthorne Drive, Windsor, Ontario (the "**Property**").
- B. By Renewal Lease dated the 11th day of December, 2013 (the "**Renewal Lease**"), the Landlord as successor to Medilease, granted to the Tenant a lease on the Property consisting of five hundred and forty square feet (540 sq. ft.) in the building, more particularly defined as the "**Premises**" in the Renewal Lease.
- C. The Landlord has agreed to grant the Tenant a second renewal lease (the "**Second Renewal Lease**") of the Premises for a further term of six (6) years commencing as of January 1, 2019 (the "**Second Renewal Term**") on the terms hereinafter set forth herein.

NOW THEREFORE:

- 1. The recitals are true in fact and substance and form an integral part of this Agreement and are expressly incorporated into this Agreement.
- 2. Any notice to be given under the terms of this Second Renewal Lease shall be sufficiently given if delivered to the party for whom it is intended or if mailed, postage prepaid, by registered mail, facsimile transmission or personal service, addressed to the party for whom it is intended:

(a) in the case of notice to the Landlord, addressed to the Landlord at:

1608 Tecumseh Road West
Windsor, Ontario N9B 1T2

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or such other address as may be specified by the Landlord in writing;

- (b) in the case of notice to the Tenant, addressed to the Tenant at the Leased Premises, or such other address as may be specified by the Tenant in writing.

Any notice or document so given shall be deemed to have been received on the third business day following the date of mailing, if sent by registered mail, but shall be deemed to have been received on the day transmitted by telefax or delivered personally. Any party may from time to time by notice given as provided above, change their address for the purpose of this clause.

The Landlord and Tenant hereby covenant that they shall perform and observe the covenants, provisos and stipulations in the Original Lease as if such covenants, provisos and stipulations have been repeated in this Second Renewal Lease in full with such modifications only as are necessary to make them applicable to this Second Renewal Lease.

- 3. In the event of a material change to the government reimbursement formula applicable to pharmacies for prescription drugs, or any government regulations negatively impacting the operations or profitability of the Tenant's pharmacy, the Tenant, at its sole option, may terminate this Second Renewal Lease on thirty (30) days notice.
- 4. This Second Renewal Lease shall be binding upon the parties and their successors and assigns.

IN WITNESS WHEREOF the parties have duly executed this Agreement.


SIGNED, SEALED AND DELIVERED)
in the presence of)

**CHOPRA, JOSHI, KARNIK &
LAMONT MEDICINE
PROFESSIONAL CORPORATION**



Name: Dr Raj Chopra
Position: President
I have authority to bind the Corporation

RANDO DRUGS LTD.

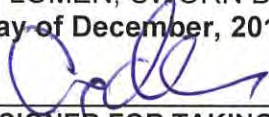
Per: 

Name: Daniel Diena
Position: President
I have authority to bind the Corporation

Tab U

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**This is Exhibit "U" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

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MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

October 30, 2019

Without prejudice

Delivered via Email to: jerome@stanleigh.com

Craig A. Mills
Direct Line: 416.595.8596
Direct Fax: 416.595.8695
cmills@millerthomson.com

File No. 0141714.0062

Jerome H. Stanleigh
5255 Yonge Street, # 800
Toronto, ON M2N 6P4

Dear Mr. Stanleigh:

Re: **Our Client: ECN Financial Inc. ("ECN")**
2345760 Ontario Inc. (the "Borrower") et al - Account Number BAO7475A

I am writing with respect to the forbearance agreement between ECN and Rando Drugs ("**Forbearance Agreement**").

Our client has been advised by KSV that progress is being made with respect to identifying sale/ refinancing opportunities for the Pharmacies. ECN advises that that your client has received expressions of interest and/or offers from a number of purchasers that far exceed the amount of your client's debts to ECN. KSV has also advised that a number of potential lenders have been consulted, but no firm offers to refinance have been received.

Despite this, and for reasons not clear to ECN, Mr. Diena has informed our client that he has decided to commence negotiations toward a 50% sale of a portion of the business with a purchaser that had initially offered to purchase 100% of the business, and to cease negotiations with others that had submitted credible offers.

This decision is of serious concern to ECN. The sale of less than 100% of the assets or shares of Rando will lead to significant delay and uncertainty in closing this transaction prior to expiration of the Forbearance Agreement. Your client's partial but significant ownership will complicate the approval of what we understand to be the purchaser's financing commitments from a bank. Furthermore, your client's

negotiations regarding shareholder agreements, consideration, and operational decisions may not lead to an agreement, introducing yet another element of delay/risk.

We strongly urge you to speak with your client about reconsidering this decision – particularly in light of the fact that the forbearance period expires on November 30, 2019 (see section 4.1 of the Forbearance Agreement). Our client has been working in good faith with your client with the anticipation that there will be a positive outcome for ECN and your client without the need for a court process. To be clear, our client expects that your client will be entering into a transaction pursuant to which ECN will be paid in full before the conclusion of the Forbearance Period.

In that regard, we also ask that you please remind your client that the Forbearance Period expires on **November 30th**. ECN is firm on this date and is not prepared to consider any further extensions.

There are also a number of outstanding payments that need to be addressed. In particular, your client has failed to remit the sum of \$50,000 in respect to legal fees as required under Paragraph 5.2(c) of the Forbearance Agreement. (ECN confirms receipt of \$25,000 from your client). This was to have been paid within 30 days of the signing of the Forbearance Agreement and, despite a number of assurances from your client, this has not been paid.

In addition, we have been advised that your client has also failed to pay the sum of \$10,000 on account of non-default interest on the matured contracts that was due on October 17, 2019.

As you know, both of these defaults constitute Intervening Events under Paragraph 7.1 of the Forbearance Agreement. While ECN has been prepared to give your client some leeway in the spirit of cooperation, ECN requires that your client immediately rectify each of these defaults and, in any event by no later than November 1, 2019. Please have your client make immediate arrangements for these payments to be sent to ECN. ECN expressly reserves and does not waive its rights and remedies in this regard.

Please let me know if you wish to discuss this further. Otherwise, we look forward to receiving positive news that your client is moving towards finalizing a 100% purchase agreement and confirmation that the above-noted payments have been made.



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Yours truly,

MILLER THOMSON LLP

Per:



Craig A. Mills
CAM/mm

cc. A. Flomen



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Get [Outlook for iOS](#)

From: Flomen, Adam
Sent: November 20, 2019 9:41 AM
To: Dani Dena <ddiena@abira.ca>
Subject: RE: Sina

Good. I don't want there to be any confusion or question as to what is required.

From: Dani Dena <ddiena@abira.ca>
Sent: November 20, 2019 8:57 AM
To: Flomen, Adam <aflomen@ecncapitalcorp.com>
Subject: Re: Sina

Yes he does.

Dani Dena
2275518 Ontario Inc
Rando Drugs Inc
4256 Bathurst Street
Suite 200 M3H 5Y8
Toronto
416-402-2767(c)
647-351-5300 (fax))

From: Flomen, Adam <aflomen@ecncapitalcorp.com>
Sent: Wednesday, November 20, 2019 8:54:29 AM
To: Dani Dena <ddiena@abira.ca>
Subject: Re: Sina

does Sina/BMO understand your situation vis a vis ECN and that you need a commitment letter from BMO prior to Nov 30th?

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From: Dani Diena <ddiena@abira.ca>
Sent: Wednesday, November 20, 2019 8:13 AM
To: Flomen, Adam <aflomen@ecncapitalcorp.com>
Subject: Re: Sina

Will call Sina this morning and get back to you.
Thanks

Dani Diena
2275518 Ontario Inc
Rando Drugs Inc
4256 Bathurst Street
Suite 200 M3H 5Y8
Toronto
416-402-2767(c)
647-351-5300 (fax))

From: Flomen, Adam <aflomen@ecncapitalcorp.com>
Sent: Wednesday, November 20, 2019 8:08:55 AM
To: Dani Diena <ddiena@abira.ca>
Subject: Sina

Good morning Dani, has there been any news/update from Sina and BMO? thanks.

[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

274

Mills, Craig

From: Mills, Craig <cmills@millertomson.com>
Sent: Wednesday, November 27, 2019 11:15 AM
To: jerome.lawoffice@stanleigh.com; jerome@stanleigh.com
Cc: Flomen, Adam
Subject: FW: ECN Financial - Rando [MTDMS-Legal.FID7580903]
Attachments: 42880826_1_Stanleigh 10-30-2019 .PDF

Dear Jerome

Further to our letter dated October 30th (attached), our client wishes to remind your client that, pursuant to Section 4.1 of the Forbearance Agreement, he has until November 30th to provide evidence that the lender to the purchaser (which we understand to be BMO) will provide financing in respect to the asset purchase agreement. As noted previously, ECN is not prepared to consider any extensions.

Can you please follow up with your client and ensure that he is aware of this?

CRAIG A. MILLS
Partner

Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario M5H 3S1
Direct Line: +1 416.595.8596
Fax: +1 416.595.8695
Email: cmills@millertomson.com
millertomson.com

Follow us on Twitter [@RedFlagLaw](https://twitter.com/RedFlagLaw)
Connect with us on [LinkedIn](#)
View my [web page](#)



Please consider the environment before printing this email.

From: Mills, Craig
Sent: Wednesday, October 30, 2019 5:38 PM
To: jerome.lawoffice@stanleigh.com; jerome@stanleigh.com
Cc: Flomen, Adam <aflomen@ecncapitalcorp.com>
Subject: ECN Financial - Rando [MTDMS-Legal.FID7580903]

Dear Jerome

Please see our letter of today's date. Let me know if you wish to discuss.

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Thanks.

CRAIG A. MILLS
Partner

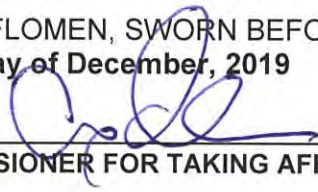
Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario M5H 3S1
Direct Line: +1 416.595.8596
Fax: +1 416.595.8695
Email: cmills@millerthomson.com
millerthomson.com

Follow us on Twitter [@RedFlagLaw](https://twitter.com/RedFlagLaw)
Connect with us on [LinkedIn](#)
View my [web page](#)



Please consider the environment before printing this email.

**This is Exhibit "V" referred to in the affidavit
of ADAM FLOMEN, SWORN BEFORE ME
this 3rd day of December, 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS.

2345760 Ontario Inc.

Buyouts

Nov 30 2019

Status	Buyout type	Amount	Notes
BAO7475A-001	Default	754,944.16	Default interest to FA date
BAO7475A-002	Default	702,745.06	Default interest to FA date
BAO7475A-003	Performing	1,320,098.30	Balance of Payments
BAO7475A-005	Performing	1,254,555.48	Balance of Payments
BAO7475A-006	Performing	23,219.80	Balance of Payments
	Subtotal	<u>4,055,562.80</u>	
Plus:	Missed 10,000 payments on 001 & 002 in Oct & Nov	20,000.00	
	Amount due on contracts	<u>4,075,562.80</u>	
	Invoiced and Accrued Legal Fees	75,000.00	
	Legal Fees paid	- 25,000.00	
	Total amount due	<u><u>4,125,562.80</u></u>	

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Tab 3

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Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE M) ●DAY, THE ____
JUSTICE) DAY OF DECEMBER, 2019
)

BETWEEN

ECN FINANCIAL INC.

Applicant

- and -

2345760 ONTARIO INC., RANDO DRUGS LTD, 2275518 ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC. formerly known as M. BLACHER DRUGS LTD., 2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. and 2527475 ONTARIO INC.

Respondents

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing KSV Kofman Inc. ("KSV") as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of 2345760 Ontario Inc., ("234") Rando Drugs Ltd. ("Rando"), 2275518 Ontario Inc. ("227"), Family Health Pharmacy West Inc. Formerly known as M. Blacher Drugs Ltd. ("West Inc."), 2501380 Ontario Inc. ("250"), 2527218 Ontario Inc. ("25272"), Dumopharm Inc. ("Dumopharm") and 2527475 Ontario Inc. ("25274") (together, the

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“Debtors”) acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Adam Flomen sworn December 3, 2019, the pre-filing report filed by KSV dated December 3, 2019 (the “**Report**”), and on hearing the submissions of counsel for the Applicant, and on reading the Consent executed by the Defendants to the appointment of a receiver and the Consent executed by KSV to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, KSV is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage pharmacists, consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors, and to deposit such monies in a separate bank account controlled by the Receiver and pay such disbursements that are necessary for the continued operation of the business of the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including pursuant to the Sale Process (defined below), including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$100,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to summarily dispose of Property that is perishable or likely to depreciate rapidly in value;

- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the Receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any licensed insolvency trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (s) to inquire into and report to the Applicant and the Court on the financial condition of the Debtors and the Property and any material adverse developments relating to the financial condition of the Debtors and/or the Property; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;
- (u) and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including, but not limited to the Ontario College of Pharmacists, the Ministry of Health and Long-Term Care, the Ontario Drug Benefit Program and any insurance company (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

5A. THIS COURT ORDERS that, should the Receiver deem it necessary to seek from any insurance company or its pharmacy benefits manager personal information regarding persons covered pursuant to benefit plans which might have had claims under such plans relating to the Debtors, such information shall be sought pursuant to a motion on notice to

the insurance company and its pharmacy benefits manager. Such information shall only be released by the insurance company or its pharmacy benefits manager on the agreement of such insurance company or as provided in the Order so obtained.

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

6A. THIS COURT ORDERS that in respect to the Client Records, the Receiver shall: (i) take all steps reasonably necessary to maintain the integrity of the confidential aspect of the Client Records; (ii) if necessary, appoint a pharmacist licensed and qualified to practice in the Province of Ontario to act as custodian (the "Custodian") for the Client Records; (iii) not allow anyone other than the Receiver or the Custodian to have access to the Client Records; (iv) allow the Debtors supervised access to the Client Records for any purposes required pursuant to the *Regulated Health Professions Act, 1991*, the *Pharmacy Act, 1991* or any other governing Ontario or Canadian statute, that requires the Debtors, from time to time, to perform certain obligations.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant

landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

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

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Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

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

SALE PROCESS

14A. THIS COURT ORDERS that sale process as described in Section 5 of the Report (the "**Sale Process**") be and is hereby approved provided that the approval of the Sale Process shall not preclude the Receiver from entering into one or more sale transactions without conducting the Sale Process.

14B. THIS COURT ORDERS that Confidential Appendix E to the Report be and is hereby sealed pending further Order of this Court.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such

information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

16. THIS COURT ORDERS that, pursuant to section 42 of the Ontario *Personal Health Information Protection Act* ("**PHIPA**"), the Receiver shall only disclose personal health information to prospective purchasers or bidders who are potential successor(s) to the pharmacy business of the Debtors (the "**Pharmacy**") as Health Information Custodian(s) (as defined in the PHIPA) for the purposes of allowing the potential successor to assess and evaluate the operations of the Pharmacy. Each potential successor to whom such personal health information is disclosed is required in advance of such disclosure to review and sign an acknowledgement of this Order indicating that it agrees to keep the information confidential and secure and not to retain any of the information longer than is necessary for the purposes of the assessment or evaluation, and if such potential successor does not complete a Sale, such potential successor shall return all such information to the Receiver, or in the alternative shall destroy all such information. Such acknowledgement shall be deemed to be an agreement between the Receiver and the potential successor for the purposes of section 42 of PHIPA.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other

contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER’S LIABILITY

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

RECEIVER’S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the “**Receiver’s Charge**”) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver’s Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its

legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

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

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.ksvadvisory.com/insolvency-cases/rando/.

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

following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

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

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

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

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

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

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

34. THIS COURT ORDERS that the Receiver, its counsel and counsel for the Applicant are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KSV Kofman Inc., the Receiver (the "**Receiver**") of the assets, undertakings and properties 2345760 Ontario Inc., Rando Drugs Ltd., 2275518 Ontario Inc., Family Health Pharmacy West Inc. Formerly known as M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc. and 2527475 Ontario Inc. (collectively the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ● day of December, 2019 (the "**Order**") made in an action having Court file number CV-●, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

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

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

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

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

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

DATED the ____ day of _____, 2019.

KSV Kofman Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per
:

Name:

Title:

ECN FINANCIAL INC.
Applicant

and

2345760 ONTARIO INC., et al.
Respondents

Court File No: CV-●

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

**ORDER
(APPOINTING RECEIVER)**

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Craig A. Mills LSUC#: 40947B
Tel: 416.595.8596
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Solicitors for the Applicant

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Revised: January 21, 2014
s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE _____ M) WEEKDAY ● DAY, THE # _____
JUSTICE _____)
DAY OF MONTH DECEMBER, 20YR 2019

BETWEEN

PLAINTIFF[†]

Plaintiff

ECN FINANCIAL INC.

Applicant

- and -

DEFENDANT

Defendant

2345760 ONTARIO INC., RANDO DRUGS LTD, 2275518 ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC. formerly known as M. BLACHER DRUGS LTD., 2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. and 2527475 ONTARIO INC.

Respondents

ORDER
(appointing Receiver)

[†]The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.

THIS ~~MOTION~~APPLICATION made by the ~~Plaintiff~~²Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing ~~[RECEIVER'S NAME]~~KSV Kofman Inc. ("KSV") as receiver ~~[and manager]~~ (in such capacities~~capacity~~, the "Receiver") without security, of all of the assets, undertakings and properties of ~~[DEBTOR'S NAME]~~ (the "Debtor"2345760 Ontario Inc. ("234") Rando Drugs Ltd. ("Rando"), 2275518 Ontario Inc. ("227"), Family Health Pharmacy West Inc. Formerly known as M. Blacher Drugs Ltd. ("West Inc."), 2501380 Ontario Inc. ("250"), 2527218 Ontario Inc. ("25272"), Dumopharm Inc. ("Dumopharm") and 2527475 Ontario Inc. ("25274")) (together, the "Debtors") acquired for, or used in relation to a business carried on by the ~~Debtor~~Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~ sworn ~~[DATE]~~ and the Exhibits thereto Adam Flomen sworn December 3, 2019, the pre-filing report filed by KSV dated December 3, 2019 (the "Report"), and on hearing the submissions of counsel for ~~[NAMES]~~, ~~no one~~ appearing for ~~[NAME]~~ although duly served as appears from the affidavit of service of ~~[NAME]~~ sworn ~~[DATE]~~ the Applicant, and on reading the ~~consent of [RECEIVER'S NAME]~~ Consent executed by the Defendants to the appointment of a receiver and the Consent executed by KSV to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of ~~Motion~~Application and the ~~Motion~~Application Record and the Report is hereby abridged and validated³ so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

² Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

³ If service is effected in a manner other than as authorized by the Ontario *Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, ~~[RECEIVER'S NAME]~~KSV is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the ~~Debtor~~Debtors acquired for, or used in relation to a business carried on by the ~~Debtor~~Debtors, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the ~~Debtor~~Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the ~~Debtor~~Debtors;
- (d) to engage pharmacists, consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the ~~Debtor~~Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the ~~Debtor~~Debtors and to exercise all remedies of the ~~Debtor~~Debtors in collecting such monies, including, without limitation, to enforce any security held by the ~~Debtor~~Debtors, and to deposit such monies in a separate bank account controlled by the Receiver and pay such disbursements that are necessary for the continued operation of the business of the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the ~~Debtor~~Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the ~~Debtor~~Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the ~~Debtor~~Debtors, the Property or the Receiver, and to settle or compromise any such proceedings.⁴ The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including pursuant to the Sale Process (defined below), including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such

⁴This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.

terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$ 50,000.00 , provided that the aggregate consideration for all such transactions does not exceed \$ 100,000.00 ; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, ~~[or section 31 of the Ontario *Mortgages Act*, as the case may be,]~~⁵ shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to summarily dispose of Property that is perishable or likely to depreciate rapidly in value;
- (n) ~~(m)~~ to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the ~~receivership~~Receivership, and to share information,

⁵ ~~If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.~~

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

- (o) ~~(n)~~ to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) ~~(o)~~ to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the ~~Debtor~~ Debtors;
- (q) ~~(p)~~ to enter into agreements with any licensed insolvency trustee in bankruptcy appointed in respect of the ~~Debtor~~ Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the ~~Debtor~~ Debtors;
- (r) ~~(q)~~ to exercise any shareholder, partnership, joint venture or other rights which the ~~Debtor~~ Debtors may have;
- (s) to inquire into and report to the Applicant and the Court on the financial condition of the Debtors and the Property and any material adverse developments relating to the financial condition of the Debtors and/or the Property; and
- (t) ~~(r)~~ to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;
- (u) and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the ~~Debtor~~ Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the ~~Debtor~~ Debtors, (ii) all of ~~its~~ their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including, but not limited to the Ontario College of Pharmacists, the Ministry of Health and Long-Term Care, the Ontario Drug Benefit Program and any insurance company (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

5A. THIS COURT ORDERS that, should the Receiver deem it necessary to seek from any insurance company or its pharmacy benefits manager personal information regarding persons covered pursuant to benefit plans which might have had claims under such plans

relating to the Debtors, such information shall be sought pursuant to a motion on notice to the insurance company and its pharmacy benefits manager. Such information shall only be released by the insurance company or its pharmacy benefits manager on the agreement of such insurance company or as provided in the Order so obtained.

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

6A. THIS COURT ORDERS that in respect to the Client Records, the Receiver shall: (i) take all steps reasonably necessary to maintain the integrity of the confidential aspect of the Client Records; (ii) if necessary, appoint a pharmacist licensed and qualified to practice in the Province of Ontario to act as custodian (the "Custodian") for the Client Records; (iii) not allow anyone other than the Receiver or the Custodian to have access to the Client Records; (iv) allow the Debtors supervised access to the Client Records for any purposes required pursuant to the *Regulated Health Professions Act, 1991*, the *Pharmacy Act, 1991* or any other governing Ontario or Canadian statute, that requires the Debtors, from time to time, to perform certain obligations.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE ~~DEBTOR~~ DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall

be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

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

SALE PROCESS

14A. THIS COURT ORDERS that sale process as described in Section 5 of the Report (the "Sale Process") be and is hereby approved provided that the approval of the Sale Process shall not preclude the Receiver from entering into one or more sale transactions without conducting the Sale Process.

14B. THIS COURT ORDERS that Confidential Appendix E to the Report be and is hereby sealed pending further Order of this Court.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed

shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the ~~Debtor~~ Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

16. THIS COURT ORDERS that, pursuant to section 42 of the Ontario *Personal Health Information Protection Act* ("PHIPA"), the Receiver shall only disclose personal health information to prospective purchasers or bidders who are potential successor(s) to the pharmacy business of the Debtors (the "**Pharmacy**") as Health Information Custodian(s) (as defined in the PHIPA) for the purposes of allowing the potential successor to assess and evaluate the operations of the Pharmacy. Each potential successor to whom such personal health information is disclosed is required in advance of such disclosure to review and sign an acknowledgement of this Order indicating that it agrees to keep the information confidential and secure and not to retain any of the information longer than is necessary for the purposes of the assessment or evaluation, and if such potential successor does not complete a Sale, such potential successor shall return all such information to the Receiver, or in the alternative shall destroy all such information. Such acknowledgement shall be deemed to be an agreement between the Receiver and the potential successor for the purposes of section 42 of PHIPA.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. ~~16.~~ THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement,

remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.⁶

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

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

FUNDING OF THE RECEIVERSHIP

22. ~~21.~~ THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the **"Receiver's Borrowings Charge"**) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in

⁶ Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".

priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

SERVICE AND NOTICE

26. ~~25.~~ THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL www.ksvadvisory.com/insolvency-cases/rando/.

27. ~~26.~~ THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Debtor's~~Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Debtor~~Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

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

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

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

31. ~~30.~~ THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act

as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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

33. ~~32.~~ THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

34. THIS COURT ORDERS that the Receiver, its counsel and counsel for the Applicant are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that ~~[RECEIVER'S NAME]~~ KSV Kofman Inc., the receiver Receiver (the "**Receiver**") of the assets, undertakings and properties ~~[DEBTOR'S NAME]~~ 2345760 Ontario Inc., Rando Drugs Ltd., 2275518 Ontario Inc., Family Health Pharmacy West Inc. Formerly known as M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc. and 2527475 Ontario Inc. (collectively the "**Debtors**") acquired for, or used in relation to a business carried on by the ~~Debtor~~ Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the [●] day of , 20 December, 2019 (the "**Order**") made in an action having Court file number CL CV- [●], has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

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

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

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

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

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

DATED the _____ day of _____, 20 2019.

~~[RECEIVER'S NAME]~~ KSV Kofman Inc.,
solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

ECN FINANCIAL INC. and 2345760 ONTARIO INC., et al.
Applicant Respondents

Court File No: CV-0

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

ORDER
(APPOINTING RECEIVER)

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317

ECN FINANCIAL INC.
Applicant

and

2345760 ONTARIO INC. et al.
Respondents

Court File No: CV-19-00632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

APPLICATION RECORD

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