

**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**

**B E T W E E N :**

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

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**MOTION RECORD OF THE APPLICANT ECN FINANCIAL INC.  
(RETURNABLE FEBRUARY 26, 2020)**

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February 20, 2020

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**IN THE MATTER OF s. 243 (1) of the *Bankruptcy and Insolvency Act*,  
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# Index

TAB	DESCRIPTION	PAGE NO.
1.	Notice of Motion	1 – 9
2.	Affidavit of Maureen McLaren sworn February 20, 2020	10-13
Exhibits to the Affidavit of Maureen McLaren		
A	Appointment Order	14-33
B	Affidavit of Adam Flomen sworn December 3, 2019 (without exhibits)	34-54
C	Guarantees	55-63
D	General Security Agreements	64-90
E	Demand Letter and Notice of Intention to Enforce Security	91-109
F	PPSA	110-150
G	Consent	151-172
3.	Draft Order	173-192
4.	Consent of KSV Kofman Inc.	193-194

**Tab 1**



**ONTARIO  
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2527218 ONTARIO INC., DUMOPHARM INC. and 2527475 ONTARIO INC.

Respondents

**NOTICE OF MOTION  
(Returnable February 26, 2020)**

The Applicant, ECN Financial Inc. ("**ECN**"), will make a motion to a judge, on February 26, 2020, at 10:00 a.m. or as soon after that time as the motion can be heard, by then Commercial List or as soon after that time as the motion can be heard, at 330 University Ave, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- in writing under subrule 37.12.1(1) because it is on consent or unopposed or made without notice;
- in writing as an opposed motion under subrule 37.12.1(4);
- orally.

**THE MOTION IS FOR:**

1. An Order substantially in the form attached as Tab 3 to the Motion Record including, *inter alia*, the following relief:

- (a) If necessary, an Order abridging the time for service of this motion and validating service of notice hereof;
- (b) adding Grace Diena ("**Ms. Diena**") as a respondent to the Application and amending the title of proceedings accordingly;
- (c) 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, undertaking and properties of Ms.Diena for the limited purposes as set out in the proposed Order;

2. Such further and other relief as may be required in the circumstances and this Honourable Court deems just.

**THE GROUNDS FOR THE MOTION ARE:**

- 1. ECN is a corporation duly incorporated pursuant to the laws of the Province of Ontario, carrying on business as a finance company, with offices in Toronto.
- 2. Pursuant to five promissory notes executed by the Respondent 2345760 Ontario Inc. ("**2345**" or the "**Borrower**") between February 25, 2013 and March 31, 2017 (collectively, the "**Promissory Notes**"), ECN advanced the principal amount of \$3,989,250.00;
- 3. The obligations of 2345 were guaranteed by the Respondents and Ms. Diena (collectively, the "**Guarantors**") pursuant to various guarantees executed by the Guarantors between February 2013 and March 2017 (collectively, the "**Guarantees**");
- 4. ECN holds security over the assets, property and undertaking of 2345 and the Guarantors (collectively, 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**");
- 5. ECN is the first registered secured creditor under the *Personal Property Security Act* as against Ms. Diena;

6. Ms. Diena is the wife of the principal of the corporate Debtors, Dani Diena;
7. 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;
8. 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;
9. ECN and the Debtors entered into a forbearance agreement on July 17, 2019 ("**Forbearance Agreement**");
10. Under the terms of the Forbearance Agreement, the Debtors (including Ms. Diena) executed 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;
11. Several defaults arose pursuant to the terms of the Forbearance Agreement. All of these defaults constituted Intervening Events under the Forbearance Agreement. In addition, the term of the Forbearance Agreement has expired;
12. In light of these defaults, ECN sought the appointment of a court-appointed receiver in respect to the Respondents (other than Ms. Diena) in order to realize upon its security;
13. Ms. Diena was not included in the receivership application at the time;
14. Pursuant to the Order of the Honourable Mr. Justice Hainey dated December 4, 2019, KSV was appointed as Receiver, without security, of all of the assets, undertakings and properties of the Respondents on a motion by ECN;
15. ECN now seeks the appointment of a Receiver in respect to Diena. In that regard, ECN relies upon the ECN Security and the consent to the appointment of a receiver executed by Diena as required under the terms of the Forbearance Agreement. ECN initially seeks to appoint KSV as an investigatory receiver, with the ability to later expand its powers as may be necessary;
16. ECN is entitled to the appointment of a receiver under the terms and conditions of the ECN Security executed by Diena in favour of ECN;

17. The scope of the proposed receivership regarding Ms. Diena is, at this time, limited in nature and merely provides a stay of proceedings against her and her property, prevent her from disposing of any property, granting the Receiver investigatory powers and certain ancillary relief;
18. ECN is the first PPSA Registrant in respect to Ms. Diena;
19. KSV Kofman Inc. has consented to its appointment as court-appointed receiver;
20. In the light of the outcome of the Receiver's activities thus far, the Applicant respectfully submits that the appointment of a receiver in respect to Ms. Diena on an investigatory basis is just and convenient under the circumstances;
21. Section 243 (1) of the *BIA*, section 101 of the *CJA*, and Rules 2.03, 3.02, 5.03(4), 14.05 (2) and (3), 26 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
22. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) Affidavit of Maureen McLaren, sworn February 20, 2020 and the Exhibits attached thereto;
- (b) The Second Report of the Receiver dated February 20, 2020;  
  
the Order of the Honourable Mr. Justice Hainey dated December 4, 2019 appointing KSV as Receiver; and
- (c) such further and other evidence as counsel may advise and this Honourable Court may permit.

February 20, 2020

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Respondents

Court File No.: CV-19-00632106-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE - COMMERCIAL  
LIST**

Proceeding commenced at TORONTO

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(Returnable February 20, 2020)**

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# Tab 2

Court File No. CV-19-00632106-00CL

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ONTARIO INC.

Respondents

**AFFIDAVIT OF MAUREEN MCLAREN  
(SWORN FEBRUARY 20, 2020)**

I, MAUREEN MCLAREN, of the Town of Keswick in the Regional Municipality of York, MAKE OATH AND SAY AS FOLLOWS:

1. I am a legal assistant employed by Miller Thomson LLP, counsel for the Applicant, ECN Financial Inc. ("**ECN**") and, as such, 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. Previously in this proceeding, on December 4, 2019, ECN sought the appointment KSV Kofman Inc. ("**KSV**") as the court-appointed receiver (the "**Receiver**") in respect to the property, assets and undertaking of the

Respondents. I attach as **Exhibit A** a copy of the Order of Mr. Justice Hainey appointing KSV as Receiver ("**Appointment Order**").

3. I also attach as **Exhibit B** a copy of the Affidavit sworn on December 3, 2019 by Adam Flomen, Vice-President, Special Accounts of ECN (the "**Flomen Affidavit**") (without exhibits) filed in support of ECN's application, which provides the background details leading to ECN's commencement of this Application and seeking the Appointment Order. For consistency, I have adopted the terms defined in the Flomen Affidavit.

4. ECN seeks to add Grace Diena ("**Ms. Diena**") as a party to this application and appoint KSV Kofman Inc. as receiver in respect to Ms. Diena on the terms of the draft order attached to the Motion Record. I am advised by Craig Mills of Miller Thomson, the lawyers for ECN, and believe that Ms. Diena is the wife of the principal of the Respondents, Dani Diena.

5. In support of ECN's application, I attach the following:

- (a) collectively marked as **Exhibit "C"** are true copies of the personal guarantees (the "**Guarantees**") executed by Ms. Diena dated February 25, 2013, January 15, 2016, February 29, 2016, September 12, 2016 and March 29, 2017 which were provided in consideration for ECN providing financing to 2345760 Ontario Inc. ("**2345**" or the "**Borrower**");<sup>1</sup>
- (b) copies of the General Security Agreements (the "**GSAs**") executed by Ms. Diena dated February 25, 2013, January 15, 2016, February 29, 2016, September 12, 2016 and March 29, 2017 in further consideration for ECN providing financing to the Borrower. These are collectively marked as **Exhibit "D"**; and

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<sup>1</sup> I note that only partial copies of the Guarantees dated January 15, 2016 and March 29, 2017 are attached. I am advised by Adam Flomen of ECN that he is attempting to locate full copies of these Guarantees in ECN's files.

- (c) copies of the demand letter and the Notice of Intention to Enforce Security (“**NITES**”) delivered to Ms. Diena by ECN on or about May 17, 2019 pursuant to the terms of the Guarantees. These are collectively marked as **Exhibit “E”**.

6. ECN registered its security interest against Ms. Diena under the *Personal Property Security Act* (the “**PPSA**”) on February 25, 2013, January 11, 2016, January 21, 2016, February 23, 2016, September 12, 2016, September 13, 2016, September 15, 2016 and March 28, 2017. ECN is the first registrant in respect to Ms. Diena. The only other creditor that appears on the PPSA search is National Leasing, which registered subsequent in time to ECN. I attach as **Exhibit “F”** a copy of the PPSA search dated February 20, 2020 in respect to Diena.

7. As set out in the Flomen Affidavit, defaults occurred in respect to the Promissory Notes. Pursuant to the demand letter and NITES, ECN sought payment from the Respondents and Ms. Diena of the sum of \$4,132,807 plus interest. As of the date of my Affidavit, the full amount of the indebtedness owed to ECN remains outstanding.

8. On or about July 17, 2019, the parties, including Ms. Diena, executed a Forbearance Agreement (“**Forbearance Agreement**”).<sup>2</sup> Pursuant to the terms of the Forbearance Agreement, the parties executed a consent to the appointment of a Receiver (the “**Consent**”). A copy of the Consent is attached as **Exhibit G**.

9. Due to the expiry of the Forbearance Agreement and various defaults under the Forbearance Agreement (the details of which are set out in the Flomen Affidavit), ECN sought and obtained the Appointment Order appointing KSV as the court-appointed receiver of the Respondents on December 4, 2019.

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<sup>2</sup> A copy of the Forbearance Agreement is attached to the Second Report of KSV as defined below.

10. ECN seeks to add Ms. Diena as a party to the Application and to appoint KSV as Receiver on an investigatory basis.

11. I swear this Affidavit in support of a motion for the appointment of KSV as Receiver in respect to Diena and for no other or improper purpose.

**SWORN BEFORE** me at the City of Toronto, in the Province of Ontario, on February 20, 2020.

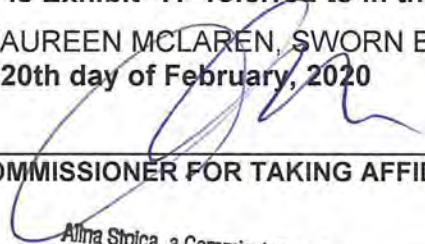
\_\_\_\_\_ )  
A Commissioner for taking affidavits. )

\_\_\_\_\_ )  
MAUREEN MCLAREN )

*Alina Stoica, a Commissioner, etc.,  
Province of Ontario, for Miller Thomson LLP,  
Barristers and Solicitors.  
Expires August 2, 2022.*

**Tab A**

**This is Exhibit "A" referred to in the affidavit  
of MAUREEN MCLAREN, SWORN BEFORE ME  
this 20th day of February, 2020**



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**A COMMISSIONER FOR TAKING AFFIDAVITS**

*Alina Stoica, a Commissioner, etc.,  
Province of Ontario, for Miller Thomson LLP,  
Barristers and Solicitors.  
Expires August 2, 2022.*





Court File No. CV-19-00632106

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) WEDNESDAY, THE 4<sup>TH</sup>  
JUSTICE HAINEY ) 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

“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 the Respondent, and on reading the Consent executed by the Defendants to the appointment of a receiver, the Consent executed by KSV to act as the Receiver and the Affidavit of Service of Maureen McLaren sworn December 3, 2019,

**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

**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/](http://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).



SUPERIOR COURT OF JUSTICE  
ENTERED  
DEC 04 2019  
COUR SUPÉRIEURE DE JUSTICE  
ENTRÉ



**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 4<sup>th</sup> day of December, 2019 (the "**Order**") made in an action having Court file number CV-19-00632106, 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-19-00632106

**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@millertthomson.com](mailto:cmills@millertthomson.com)

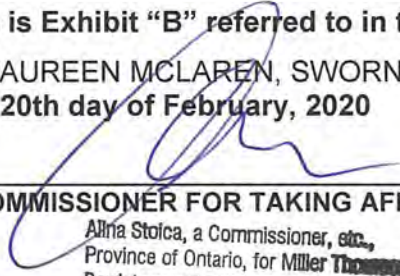
Fax: 416.595.8695

Solicitors for the Applicant

**Tab B**

**This is Exhibit "B" referred to in the affidavit  
of MAUREEN MCLAREN, SWORN BEFORE ME  
this 20th day of February, 2020**

**A COMMISSIONER FOR TAKING AFFIDAVITS**



**Alina Stoica, a Commissioner, etc.,  
Province of Ontario, for Miller Thomson LLP,  
Barristers and Solicitors.  
Expires August 2, 2022.**

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**");<sup>1</sup>
- (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

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<sup>1</sup> 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")<sup>2</sup> 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:

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<sup>2</sup> 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 West<sup>3</sup>  
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**")

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<sup>3</sup> 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.<sup>4</sup>

**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.<sup>5</sup> The Guarantors also executed General Security Agreements ("**GSA**")<sup>6</sup> 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

<sup>4</sup> 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.

<sup>5</sup> Grace has also executed several guarantees.

<sup>6</sup> 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**").<sup>7</sup>

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**

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<sup>7</sup> **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 Dena, 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.

44

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.<sup>8</sup>

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.

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<sup>8</sup> 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:



46

- (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.<sup>9</sup> 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

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<sup>9</sup> 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)).

57

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

52

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*.

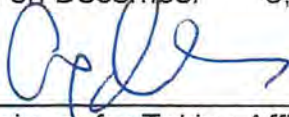
57. Accordingly, ECN seeks to appoint KSV as receiver of the assets, property and undertaking of the Respondents in order to preserve the business of the Pharmacies, take possession of their respective books and records and determine possible recovery options, including the possibility of continuing 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. 2345760 ONTARIO INC. et al.  
Applicant and 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

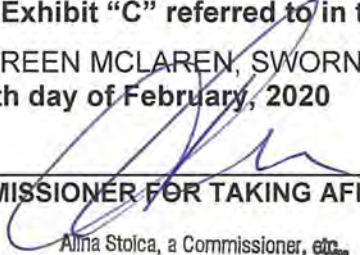
Fax: 416.595.8695

Lawyers for the Applicant

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**Tab C**

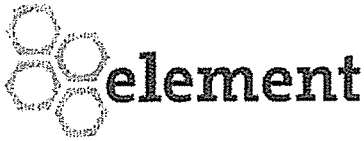
This is Exhibit "C" referred to in the affidavit  
of MAUREEN MCLAREN, SWORN BEFORE ME  
this 20th day of February, 2020



---

A COMMISSIONER FOR TAKING AFFIDAVITS

Alina Stolca, a Commissioner, etc.,  
Province of Ontario, for Miller Thomson LLP,  
Barristers and Solicitors.  
Expires August 2, 2022.



56

## GUARANTEE

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

For value received the undersigned GRACE DIENA (the "Guarantor") hereby guarantees to ELEMENT FINANCIAL CORPORATION ("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

57



# GUARANTEE

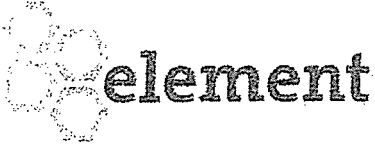
TD Canada Trust Tower, 161 Bay Street, Suite 4600, PO Box 621, Toronto, ON M5J 2S1  
Phone: (416)-386-1067 Fax: (888)-772-8129

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 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 3 <sup>March</sup> day of February, 2013.

Guarantor: GRACE DIENA  
 X [Signature]  
 Witness Signature: X [Signature]  
 Witness Name: X ELIOTT FEINSTEIN  
 Address: X 83 De Quincey Blvd.  
 Phone: X 416.895.5098

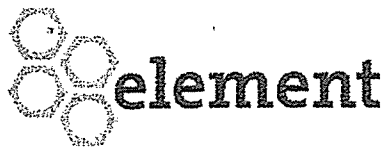


GUARANTEE

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 GRACE DIENA (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:

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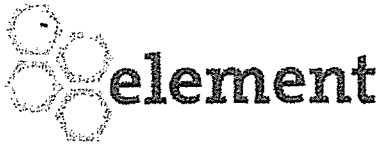


**GUARANTEE**

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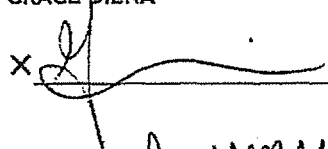
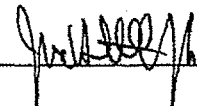
GUARANTEE

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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, Ontario this 29<sup>th</sup> day of February, 2016.

Guarantor: GRACE PIENA  
X   
Witness Signature: X   
Witness Name: X **Jerome H. Stanleigh**  
Address: X **Barrister and Solicitor**  
5255 Yonge Street, Suite 800  
Toronto, ON M2N 6P4  
Phone: X **416-624-0451**





## 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 GRACE DIENA (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,



62

## GUARANTEE

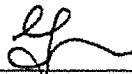
4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1  
Phone: (905)-366-2142 Toll Free: (866)-797-8489 Fax: (866)-797-8488

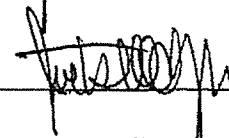
at the option of Element, be severed therefrom. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from Element a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this agreement.

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, Ontario this 18 day of September, 2016.

Guarantor: GRACE DIENA

X  \_\_\_\_\_

Witness Signature: X  \_\_\_\_\_

Witness Name: X Jerome H. Stanleigh \_\_\_\_\_

Address: X Barrister and Solicitor \_\_\_\_\_

X 5255 Yonge Street, Suite 800 \_\_\_\_\_

X Toronto, ON M2N 6P4 \_\_\_\_\_


Phone: X 416-924-0151 \_\_\_\_\_

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

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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, Ont this 27 day of March, 2017.

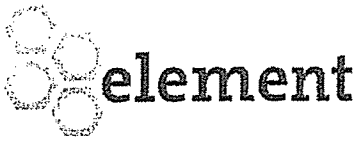
Guarantor: GRACE DIENA  
X   
\_\_\_\_\_  
Witness Signature: X Anna Lee  
\_\_\_\_\_  
Witness Name: X ANNA LEE  
\_\_\_\_\_  
Address: X #200-4256 BATHURST ST.  
\_\_\_\_\_  
Phone: X 647-351-2500  
\_\_\_\_\_

**Tab D**

**This is Exhibit "D" referred to in the affidavit  
of MAUREEN MCLAREN, SWORN BEFORE ME  
this 20th day of February, 2020**

  
\_\_\_\_\_  
**A COMMISSIONER FOR TAKING AFFIDAVITS**

**Alma Stolca, a Commissioner, etc.,  
Province of Ontario, for Miller Thomson LLP,  
Barristers and Solicitors.  
Expires August 2, 2022.**



# GENERAL SECURITY AGREEMENT

65

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: Grace Diena an individual residing in Ontario (hereinafter called the "Debtor")

ADDRESS: 14 Northmount, Toronto, ON M3H 1N4

ISSUED IN FAVOUR OF: ELEMENT FINANCIAL CORPORATION ("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



# GENERAL SECURITY AGREEMENT

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Phone: (416)-386-1067 Fax: (888)-772-8129

- 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:
- (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

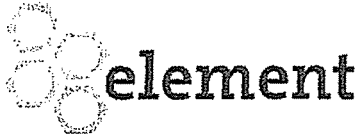
The Debtor hereby represents and warrants to ELEMENT that:

- (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 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,



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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 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.

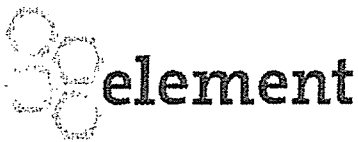
### ARTICLE SIX - DEFAULT AND REMEDIES

#### 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





## GENERAL SECURITY AGREEMENT

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- 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 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

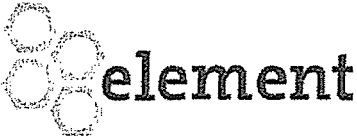
This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ELEMENT with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory,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

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.

7.06 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:

Grace Diana
1654 Northmount,
Toronto, ON M3H 1N4

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.

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

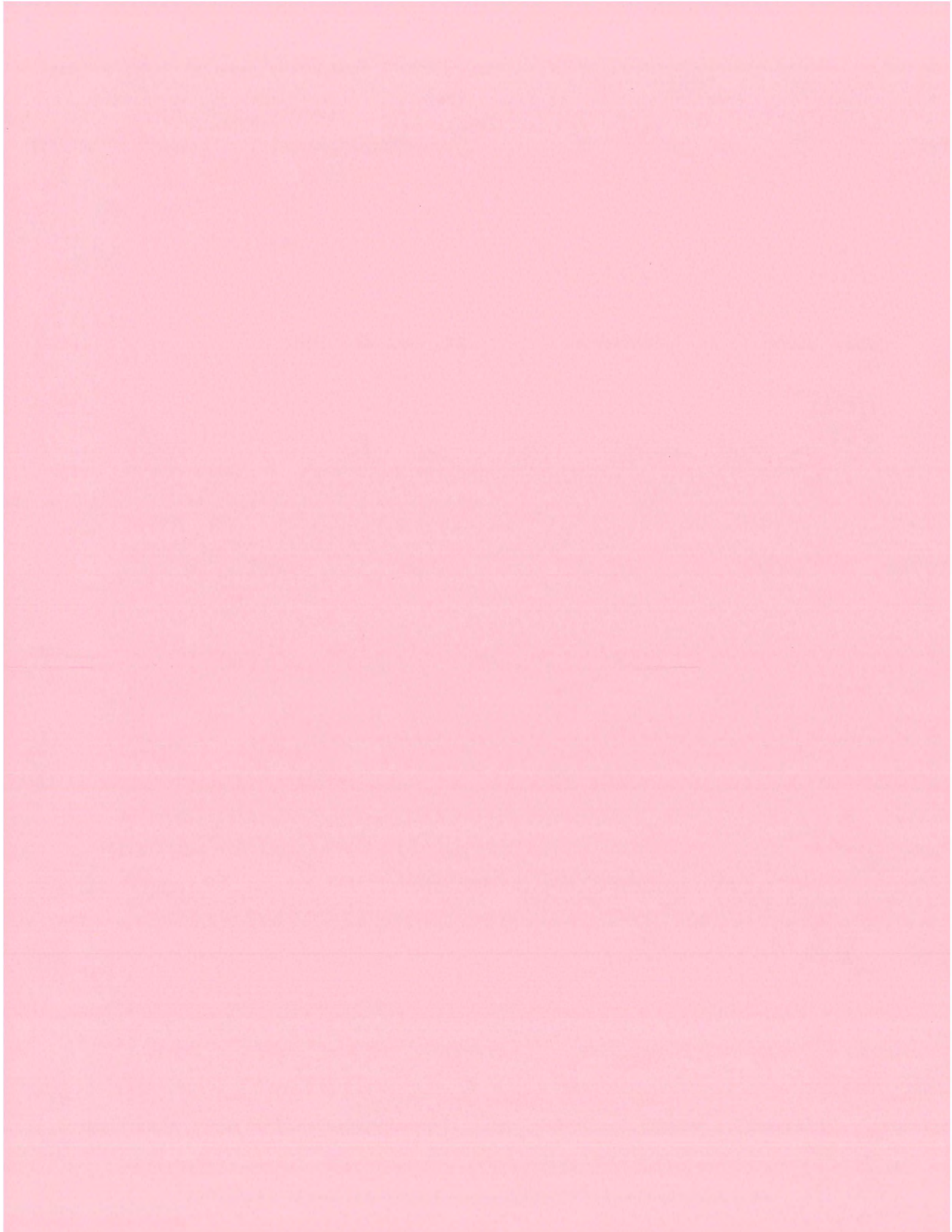
The Debtor confirms that value has been given by ELEMENT to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ELEMENT have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created 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.

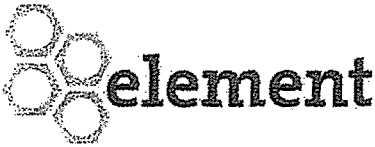
GRACE DIENA (DEBTOR)

ELEMENT FINANCIAL CORPORATION (ELEMENT)

Signature: [Handwritten Signature]
Name: Grace Diana

Signature: [Handwritten 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

THIS AGREEMENT made as of this 15<sup>th</sup> day of January, 2016.

BY: Grace Diena an individual residing in ON (hereinafter called the "Debtor")

ADDRESS: 200-4256 Bathurst Street, 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

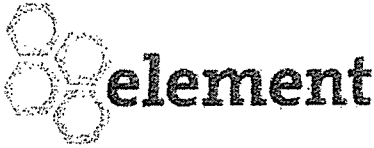
### 2.01 Security

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



# GENERAL SECURITY AGREEMENT

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- 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:
- (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.

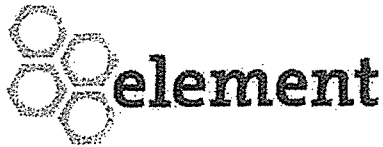
- The Debtor covenants with ELEMENT that:
- (a) it shall ensure that the representations and warranties set forth in Section 3.01 are true and correct at all times;
  - (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
 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

## 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



## GENERAL SECURITY AGREEMENT

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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 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 survive the execution and delivery of this Agreement 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

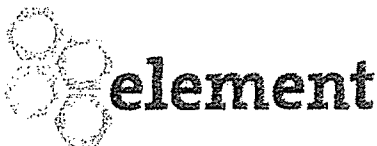
Except where the Debtor, when no Event of Default has occurred, so directs in writing at the time of payment, all money collected or received by ELEMENT in respect of the Collateral may be applied on account of such parts of the Obligations as ELEMENT in its sole discretion may determine, or may be held 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 of 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



# GENERAL SECURITY AGREEMENT

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

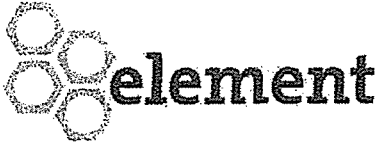
This Agreement, including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Debtor and ELEMENT with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, 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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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 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:  
Grace Diena  
200-4256 Bathurst Street  
Toronto, Ontario M3H 5Y8

Fax No.: \_\_\_\_\_

(d) To ELEMENT FINANCIAL INC:  
4 Robert Speck Pkwy, Ste 900  
Mississauga, 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 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

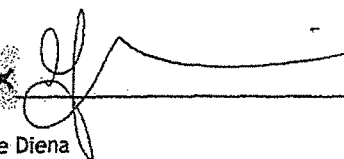
The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted 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.

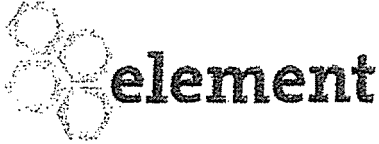
GRACE DIENA  
(DEBTOR)

ELEMENT FINANCIAL INC.  
(ELEMENT)

Signature:   
Name: Grace Diena

Signature: \_\_\_\_\_  
Name: Ben Wyatt  
Title: Vice-President, Operations





GENERAL SECURITY AGREEMENT

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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.

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.

7.06 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:
Grace Diana
200-4256 Bathurst Street
Toronto, Ontario M3H 5Y8

Fax No.: \_\_\_\_\_

(d) To ELEMENT FINANCIAL INC:
4 Robert Speck Pkwy, Ste 900
Mississauga, 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.

GRACE DIENA
(DEBTOR)

Signature: X

Name: Grace Diana

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.

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

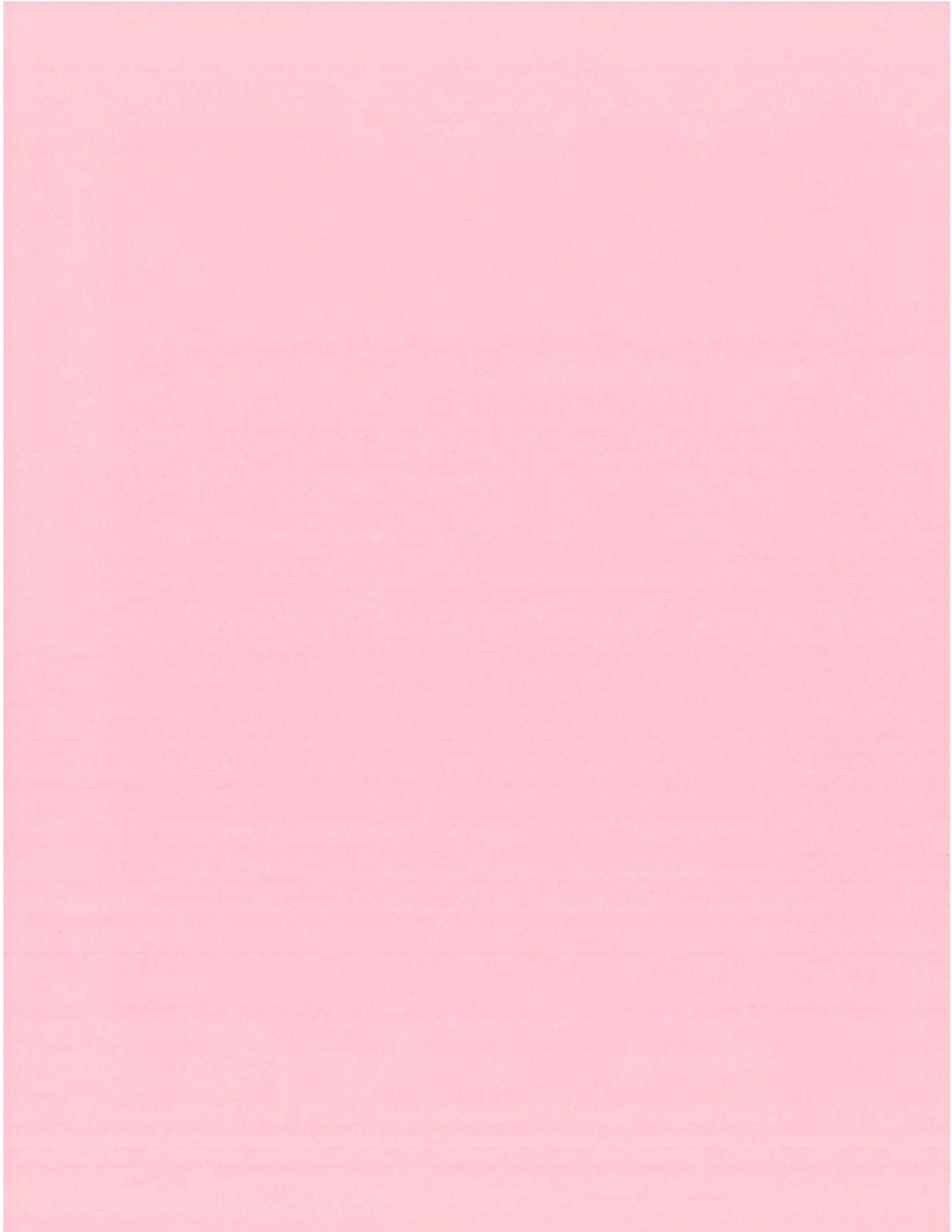
The Debtor confirms that value has been given by ELEMENT to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ELEMENT have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created 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.

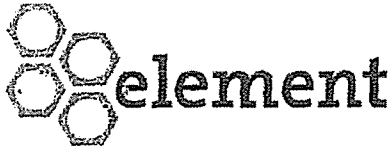
ELEMENT FINANCIAL INC.
(ELEMENT)

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

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

BY: Grace Diena an individual residing in 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 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 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.

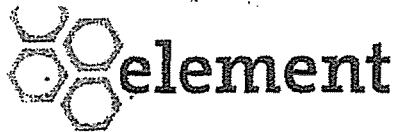
### 3.02 Covenants

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



# GENERAL SECURITY AGREEMENT

78

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1  
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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; 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

80

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1  
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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.

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.

### 7.06 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:  
Grace Diena  
200-4256 Bathurst Street  
Toronto, Ontario M3H 5Y8

Fax No.: 647-251-5300

- (d) To ELEMENT FINANCIAL INC:  
4 Robert Speck Pkwy, Ste 900  
Mississauga, 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 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

### 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.

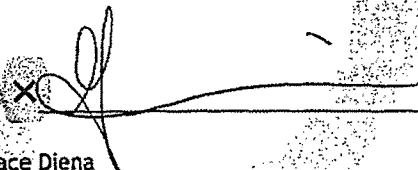
### 7.11 Executed Copy

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

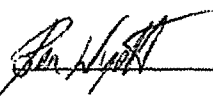
The Debtor confirms that value has been given by ELEMENT to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ELEMENT have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created 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.

GRACE DIENA  
(DEBTOR)

Signature: 

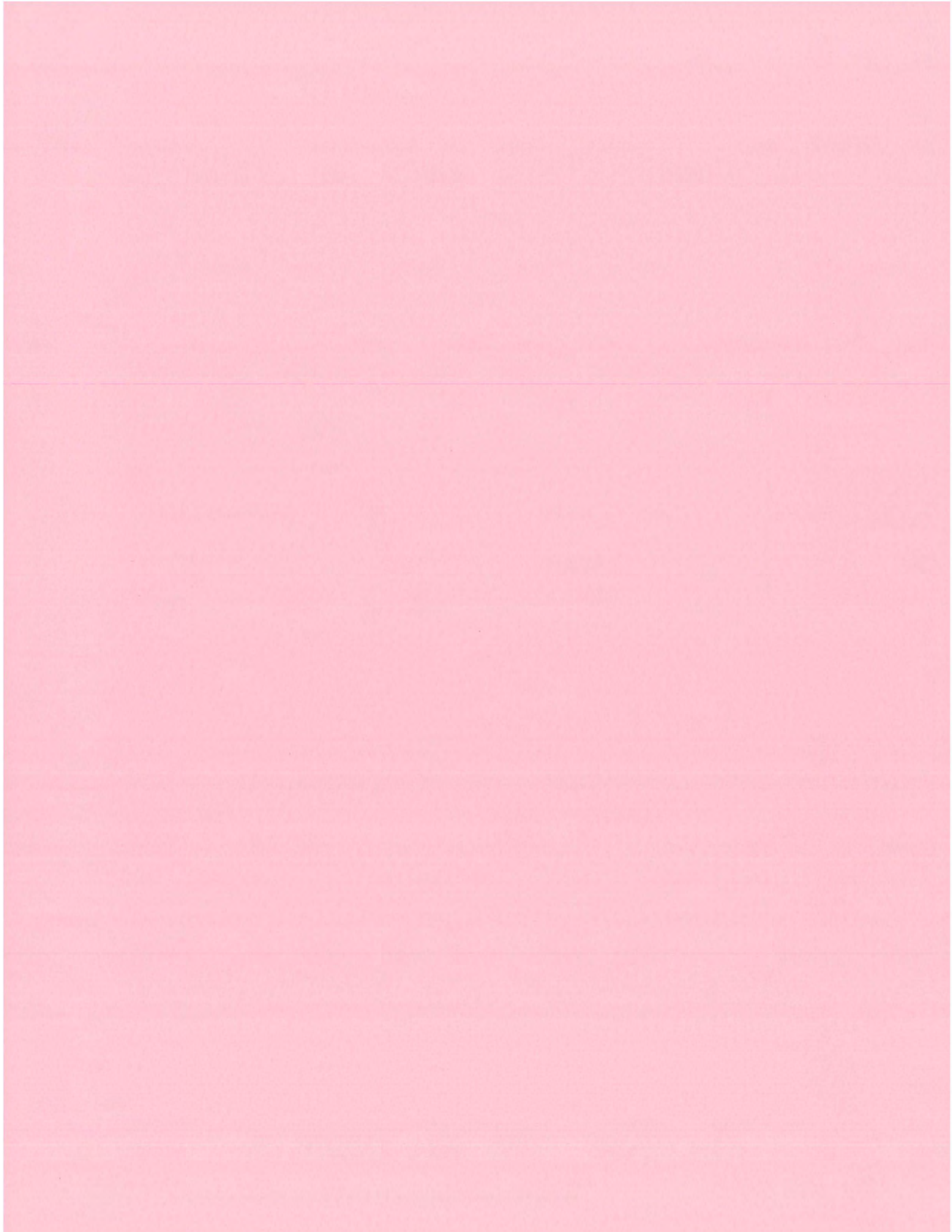
Name: Grace Diena

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

THIS AGREEMENT made as of this 12<sup>th</sup> day of September, 2016.

BY: Grace Dena an individual residing in 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);



## GENERAL SECURITY AGREEMENT

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1  
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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:

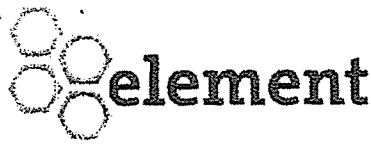
- (a) the Debtor, if a corporation, is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation; the Debtor has the power, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate 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



## GENERAL SECURITY AGREEMENT

4 Robert Speck Parkway, Suite 900, Mississauga, Ontario, L4Z 1S1  
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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 and 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

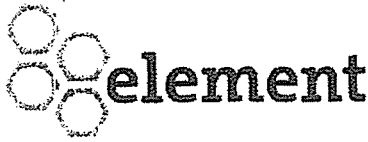
#### 6.01 Events of Default

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



# GENERAL SECURITY AGREEMENT

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



# 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

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:  
Grace Diana  
200-4256 Bathurst Street  
Toronto, Ontario M3H 5Y8

Fax No.: \_\_\_\_\_

(d) To ELEMENT FINANCIAL INC:  
4 Robert Speck Pkwy, Ste 900  
Mississauga, 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 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.

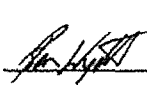
**7.12 Attachment**

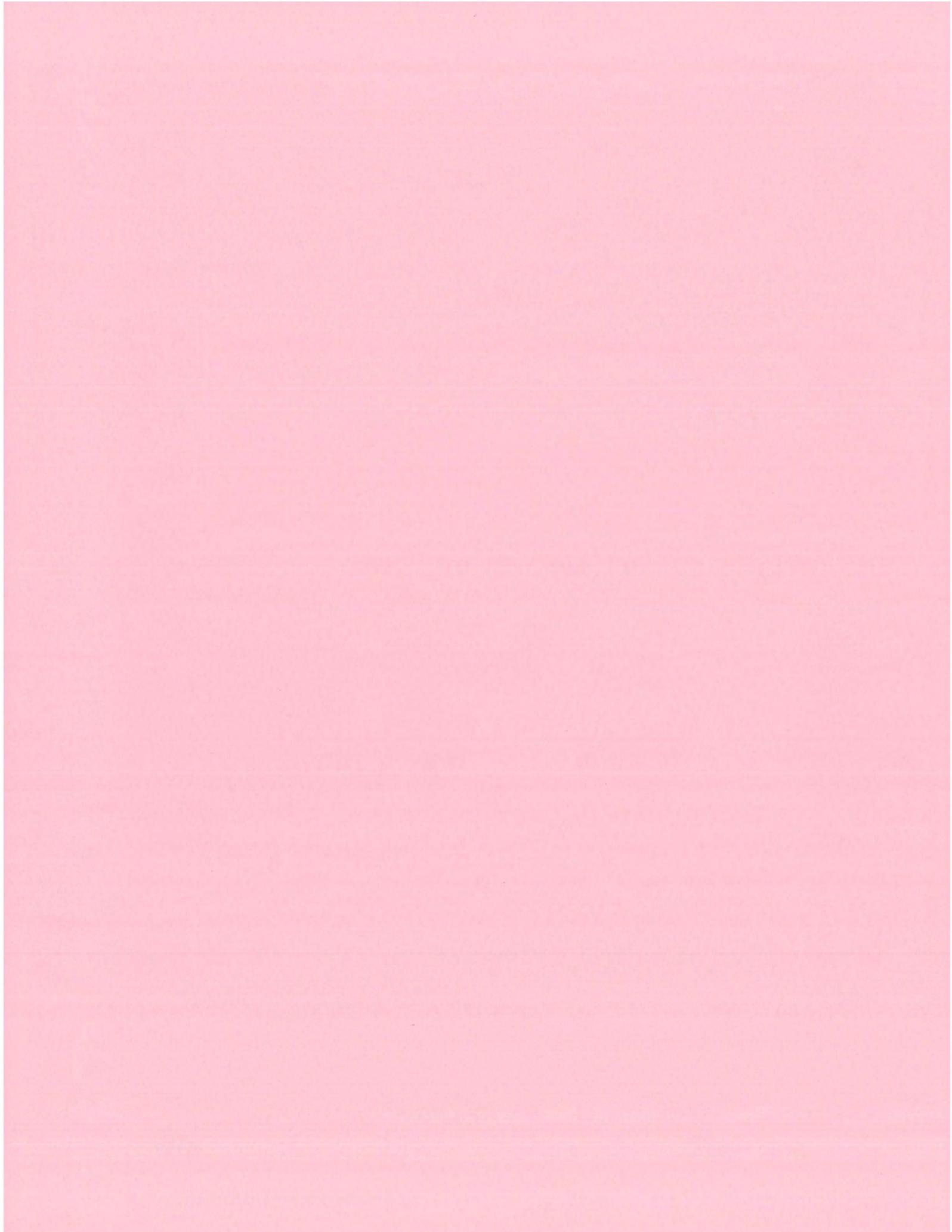
The Debtor confirms that value has been given by ELEMENT to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and ELEMENT have not agreed to postpone the time for attachment of the security interest, assignment, mortgage and charge created 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.

GRACE DIENA  
(DEBTOR)

ELEMENT FINANCIAL INC  
(ELEMENT)

Signature:  \_\_\_\_\_  
Name: Grace Diana

Signature:  \_\_\_\_\_  
Name: Ben Wyatt  
Title: Vice-President, Operations



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: Grace Diena an individual residing in 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);

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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 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



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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 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 the 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:

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

- (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; 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(j), 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



# 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

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 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:  
Grace Diana  
200-4256 Bathurst Street  
Toronto, Ontario  
M3H 5Y8

Fax No.: \_\_\_\_\_

- (d) To ECN FINANCIAL INC:  
4 Robert Speck Pkwy, Ste 900  
Mississauga, 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 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**

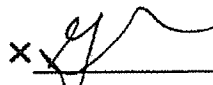
The Debtor acknowledges receipt of a fully executed copy of this Agreement. The Debtor acknowledges its right to receive copies of any registered financing and financing change statements registered under the Personal Property Security Act with respect to transactions contemplated herein and, where permitted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

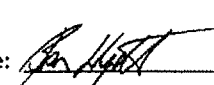
**7.12 Attachment**

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.

GRACE DIANA  
(DEBTOR)

ECN FINANCIAL INC  
(ECN)

Signature:  \_\_\_\_\_  
Name: Grace Diana

Signature:  \_\_\_\_\_  
Name: Ben Wyatt  
Title: Vice-President, Operations

# Tab E

**This is Exhibit "E" referred to in the affidavit  
of MAUREEN MCLAREN, SWORN BEFORE ME  
this 20th day of February, 2020**

---

**A COMMISSIONER FOR TAKING AFFIDAVITS**

Allna Stoica, a Commissioner, *etc.*,  
Province of Ontario, for Miller Thomson LLP,  
Barristers and Solicitors.  
Expires August 2, 2022.



**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

92

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"):

<b>Contract</b>	<b>Date original contract was executed by the Debtor</b>
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.

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 Dena (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**

<b>Name</b>	<b>Date</b>
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



**Schedule B**  
**Account Details**

**Amount Outstanding**

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
<b>Total Indebtedness</b>	<b>\$4,132,807.18</b>



**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**").

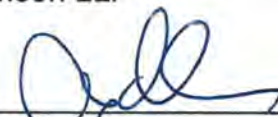
2. The security that is to be enforced is in the form of the Guarantor Security referred to in section 1 herein.

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 17<sup>th</sup> 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

<b>Guarantor</b>	<b>Date</b>
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 Dena	Mar 27/17



**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

104

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"):

<b>Contract</b>	<b>Date original contract was executed by the Debtor</b>
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*.

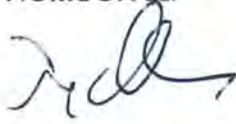


We trust that you will respond to this in all due haste.

Yours truly,

MILLER THOMSON LLP

Per:



Craig A. Mills  
CAM/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**

	<b><u>Amount Outstanding</u></b>
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
<b>Total Indebtedness</b>	<b>\$4,132,807.18</b>



108

**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 F**



**This is Exhibit "F" referred to in the affidavit  
of MAUREEN MCLAREN, SWORN BEFORE ME  
this 20th day of February, 2020**

---

**A COMMISSIONER FOR TAKING AFFIDAVITS**

*Alma Stolca*  
**Alma Stolca, a Commissioner, etc.,  
Province of Ontario, for Miller Thomson LLP,  
Barristers and Solicitors.  
Expires August 2, 2022.**

# ServiceOntario

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## Enquiry Result

File Currency: 19FEB 2020

All Pages ▾

[Show All Pages](#)

**Note: All pages have been returned.**

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	720557163	1	9	1	39	13SEP 2026			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
720557163		001	1		20160913 1630 6083 5840	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
	12MAY1957	GRACE			DIENA				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
	4256			TORONTO	ON	M3H 5Y8			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	ELEMENTS FINANCIAL INC.								
	Address			City	Province	Postal Code			
	4 ROBERT SPECK PARKWAY, SUITE 900			MISSISSAUGA, ONTARIO	ON	L4Z 1S1			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X			14SEP2026	
Motor Vehicle Description	Year	Make		Model		V.I.N.			
General Collateral Description	General Collateral Description								

Registering Agent	Registering Agent			
	J			
	Address	City	Province	Postal Code
	5255 YONGE STREET	TORONTO	ON	M2N 6P4

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages				
	720557163	1	9	2	39				
<b>FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT</b>									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under			
		001	002		20190606 1053 1862 0954				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	720557163		X	A AMNDMNT					
Reference Debtor/ Transferor	First Given Name	Initial	Surname						
	GRACE		DIENA						
	Business Debtor Name								
Other Change	Other Change								
Reason / Description	Reason / Description								
	AMEND NAME AND ADDRESS OF SECURED PARTY. AMEND GENERAL COLLATERAL CLASSIFICATION TO INCLUDE MOTOR VEHICLE.								
Debtor/ Transferee	Date of Birth	First Given Name	Initial	Surname					
	Business Debtor Name				Ontario Corporation Number				
	Address	City	Province	Postal Code					
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	ECN FINANCIAL INC.								
	Address	City	Province	Postal Code					
	181 BAY STREET, SUITE 2830	TORONTO	ON	M5J 2T3					
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.
General Collateral Description	General Collateral Description			
Registering Agent	Registering Agent or Secured Party/ Lien Claimant MILLER THOMSON LLP			
	Address	City	Province	Postal Code
	40 KING STREET WEST, SUITE 5800	TORONTO	ON	M5H 3S1

CONTINUED

Type of Search	Individual Non-Specific					
Search Conducted On	GRACE;DIENA					
File Currency	19FEB 2020					
	File Number	Family	of Families	Page	of Pages	
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FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT						
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
		002	002		20190606 1053 1862 0954	
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	720557163					
Reference Debtor/ Transferor	First Given Name		Initial	Surname		
	Business Debtor Name					
Other Change	Other Change					
Reason / Description	Reason / Description					
Debtor/ Transferee	Date of Birth	First Given Name		Initial	Surname	
	Business Debtor Name					
	Ontario Corporation Number					
	Address	City		Province	Postal Code	
Assignor Name	Assignor Name					
Secured Party	Secured party, lien claimant, assignee ECN FINANCIAL INC.					
	Address	City		Province	Postal	

		200 BAY STREET, NORTH TOWER, SUITE 1625			TORONTO		ON	Code M5J 2J1	
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>		<b>V.I.N.</b>		
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
<b>Registering Agent</b>	<b>Registering Agent or Secured Party/ Lien Claimant</b>								
	<b>Address</b>				<b>City</b>		<b>Province</b>	<b>Postal Code</b>	

END OF FAMILY

<b>Type of Search</b>	Individual Non-Specific								
<b>Search Conducted On</b>	GRACE;DIENA								
<b>File Currency</b>	19FEB 2020								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	720631188	2	9	4	39	15SEP 2026			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>		
720631188		001	1		20160915 1435 6083 5913	P PPSA	10		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
	12MAY1957	GRACE				DIENA			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	4256 BATHURST STREET SUITE 200				TORONTO	ON	M3H 5Y8		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	ELEMENTS FINANCIAL INC.								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	4 ROBERT SPECK PARKWAY, SUITE 900				MISSISSAUGA, ONTARIO	ON	L4Z 1S1		
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>

	X	X	X	X				
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>				
<b>General Collateral Description</b>	<b>General Collateral Description</b>							
<b>Registering Agent</b>	<b>Registering Agent</b>							
	JER							
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	5255 YONGE STREET			TORONTO	ON	M2N 6P4		

CONTINUED

<b>Type of Search</b>	Individual Non-Specific							
<b>Search Conducted On</b>	GRACE;DIENA							
<b>File Currency</b>	19FEB 2020							
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>			
	720631188	2	9	5	39			
<b>FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT</b>								
	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule Attached</b>	<b>Registration Number</b>		<b>Registered Under</b>	
		001	002		20190606 1052 1862 0953			
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	720631188		X	A AMNDMNT				
<b>Reference Debtor/ Transferor</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
	GRACE				DIENA			
	<b>Business Debtor Name</b>							
<b>Other Change</b>	<b>Other Change</b>							
<b>Reason / Description</b>	<b>Reason / Description</b>							
	AMEND NAME AND ADDRESS OF SECURED PARTY. AMEND GENERAL COLLATERAL CLASSIFICATION TO INCLUDE MOTOR VEHICLE.							
<b>Debtor/ Transferee</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>		
	<b>Business Debtor Name</b>						<b>Ontario Corporation Number</b>	
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
<b>Assignor Name</b>	<b>Assignor Name</b>							
<b>Secured Party</b>	<b>Secured party, lien claimant, assignee</b>							

116

ECN FINANCIAL INC.		Address		City		Province	Postal Code		
181 BAY STREET, SUITE 2830		TORONTO		ON	M5J 2T3				
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	MILLER THOMSON LLP								
	Address		City		Province	Postal Code			
	40 KING STREET WEST, SUITE 5800		TORONTO		ON	M5H 3S1			

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages				
	720631188	2	9	6	39				
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number		Registered Under		
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Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	720631188								
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name								
									Ontario Corporation Number

Address		City		Province	Postal Code				
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee ECN FINANCIAL INC.								
Address		City		Province	Postal Code				
200 BAY STREET, NORTH TOWER, SUITE 1625		TORONTO		ON	M5J 2J1				
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make		Model		V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
Address		City		Province	Postal Code				

END OF FAMILY

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	684889074	3	9	7	39	25FEB 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
684889074		01	002		20130225 1709 1462 8571	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	2345670 ONTARIO LIMITED								
	Address			City	Province	Postal Code			
	200-4256 BATHURST ST.			TORONTO	ON	M3H5Y8			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	RANDO DRUGS LTD.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST ST.			TORONTO	ON	M3H5Y8			



<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	ELEMENT FINANCIAL CORPORATION								
	<b>Address</b>					<b>City</b>	<b>Province</b>	<b>Postal Code</b>	
	161 BAY STREET, SUITE 4600, PO BOX 621					TORONTO	ON	M5J2S1	
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X				
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>		<b>V.I.N.</b>		
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
<b>Registering Agent</b>	<b>Registering Agent</b>								
	ELEMENT FINANCIAL CORPORATION								
	<b>Address</b>					<b>City</b>	<b>Province</b>	<b>Postal Code</b>	
	161 BAY STREET, SUITE 4600, PO BOX 621					TORONTO	ON	M5J2S1	

CONTINUED

<b>Type of Search</b>	Individual Non-Specific								
<b>Search Conducted On</b>	GRACE;DIENA								
<b>File Currency</b>	19FEB 2020								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	684889074	3	9	8	39	25FEB 2023			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>		
684889074		02	002		20130225 1709 1462 8571	P PPSA	10		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	2275518 ONTARIO INC.								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	200-4256 BATHURST ST.				TORONTO	ON	M3H5Y8		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
	12MAY1957	GRACE				DIENA			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	200-4256 BATHURST ST.				TORONTO	ON	M3H5Y8		
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	<b>Address</b>					<b>City</b>	<b>Province</b>	<b>Postal Code</b>	
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>

Motor Vehicle Description	Year	Make	Model	V.I.N.
General Collateral Description	General Collateral Description			
Registering Agent	Registering Agent			
	ELEMENT FINANCIAL CORPORATION			
	Address	City	Province	Postal Code
	161 BAY STREET, SUITE 4600, PO BOX 621	TORONTO	ON	M5J2S1

CONTINUED

Type of Search	Individual Non-Specific					
Search Conducted On	GRACE;DIENA					
File Currency	19FEB 2020					
	File Number	Family	of Families	Page	of Pages	
	684889074	3	9	9	39	
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT						
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
		01	001		20130226 1405 1462 8820	
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	684889074			A AMNDMNT		
Reference Debtor/ Transferor	First Given Name	Initial	Surname			
	Business Debtor Name	2345670 ONTARIO LIMITED				
Other Change	Other Change					
Reason / Description	Reason / Description					
	CORRECTING BUSINESS DEBTORS NAME, SHOULD BE 2345760 ONTARIO INC.					
Debtor/ Transferee	Date of Birth	First Given Name	Initial	Surname		
	Business Debtor Name	2345760 ONTARIO INC.			Ontario Corporation Number	
	Address	City	Province	Postal Code		
	200-4256 BATHURST ST.	TORONTO	ON	M3H5Y8		
Assignor Name	Assignor Name					
Secured Party	Secured party, lien claimant, assignee					

Address		City		Province	Postal Code				
<b>Collateral Classification</b>	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
<b>Motor Vehicle Description</b>	Year	Make		Model		V.I.N.			
<b>General Collateral Description</b>	General Collateral Description								
<b>Registering Agent</b>	Registering Agent or Secured Party/ Lien Claimant ELEMENT FINANCIAL CORPORATION								
Address		City		Province	Postal Code				
161 BAY STREET, SUITE 4600, PO BOX 621		TORONTO		ON	M5J2S1				

CONTINUED

<b>Type of Search</b>	Individual Non-Specific					
<b>Search Conducted On</b>	GRACE;DIENA					
<b>File Currency</b>	19FEB 2020					
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	
	684889074	3	9	10	39	
<b>FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT</b>						
	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule Attached</b>	<b>Registration Number</b>	<b>Registered Under</b>
		01	001		20140618 1711 1462 8539	
<b>Record Referenced</b>	<b>File Number</b>	<b>Page Amended</b>	<b>No Specific Page Amended</b>	<b>Change Required</b>	<b>Renewal Years</b>	<b>Correct Period</b>
	684889074			A AMNDMNT		
<b>Reference Debtor/ Transferor</b>	<b>First Given Name</b>		<b>Initial</b>	<b>Surname</b>		
	Business Debtor Name			2345670 ONTARIO LIMITED		
<b>Other Change</b>	<b>Other Change</b>					
<b>Reason / Description</b>	<b>Reason / Description</b>					
	ADD ADDITIONAL SECURED PARTY					
<b>Debtor/ Transferee</b>	<b>Date of Birth</b>	<b>First Given Name</b>		<b>Initial</b>	<b>Surname</b>	
		Business Debtor Name			Ontario Corporation Number	

Address		City		Province	Postal Code				
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee STONEBRIDGE LEASE FINANCING CORPORATION								
Address		City		Province	Postal Code				
1400 CORNWALL ROAD, SUITE 9		OAKVILLE		ON	L6J 7W				
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant ELEMENT FINANCIAL CORPORATION								
Address		City		Province	Postal Code				
161 BAY STREET, SUITE 4600, P.O. BOX 621		TORONTO		ON	M5J2S1				

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages				
	684889074	3	9	11	39				
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number		Registered Under		
		01	001		20160226 1712 1462 9176				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	684889074			A AMNDMNT					
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name 2345670 ONTARIO LIMITED								
Other Change	Other Change								
Reason / Description	Reason / Description ADD ADDITIONAL SECURED PARTY								

Debtor/ Transferee	Date of Birth	First Given Name	Initial	Surname					
	Business Debtor Name			Ontario Corporation Number					
	Address		City	Province Postal Code					
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee ELEMENT FINANCIAL INC								
	Address		City	Province Postal Code					
	900-4 ROBERT SPECK PARKWAY		MISSISSAUGA	ON L4Z1S1					
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make		Model		V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant ELEMENT FINANCIAL INC								
	Address			City	Province	Postal Code			
	4 ROBERT SPECK PARKWAY, SUITE 900			MISSISSAUGA	ON	L4Z1S1			

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages				
	684889074	3	9	12	39				
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number		Registered Under		
		001	002		20190606 1053 1862 0957				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	684889074		X	A AMNDMNT					
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								

123

2345760 ONTARIO INC.

Other Change	Other Change								
Reason / Description	Reason / Description REMOVE STONEBRIDGE LEASE FINANCING CORPORATION AS A SECURED PARTY. AMEND NAME OF SECURED PARTY "ELEMENT FINANCIAL INC." TO "ECN FINANCIAL INC." AND AMEND ECN FINANCIAL INC.'S ADDRESS FOR SERVICE.								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee ECN FINANCIAL INC.								
	Address				City	Province	Postal Code		
	181 BAY STREET, SUITE 2830				TORONTO	ON	M5J 2T3		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant MILLER THOMSON LLP								
	Address				City	Province	Postal Code		
	40 KING STREET WEST, SUITE 5800				TORONTO	ON	M5H 3S1		

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages				
	684889074	3	9	13	39				
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		002	002		20190606 1053 1862 0957				

124

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	684889074								
Reference Debtor/ Transferor	First Given Name	Initial	Surname						
	Business Debtor Name								
Other Change	Other Change								
Reason / Description	Reason / Description								
	ASSIGN SECURITY INTEREST FROM ELEMENT FINANCIAL CORPORATION TO ECN FINANCIAL INC. AMEND COLLATERAL CLASSIFICATION TO ADD MOTOR VEHICLE.								
Debtor/ Transferee	Date of Birth	First Given Name	Initial	Surname					
	Business Debtor Name				Ontario Corporation Number				
	Address		City	Province	Postal Code				
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	ECN FINANCIAL INC.								
	Address		City	Province	Postal Code				
	200 BAY STREET, NORTH TOWER, SUITE 1625		TORONTO	ON	M5J 2J1				
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make	Model	V.I.N.					
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	Address			City	Province	Postal Code			

END OF FAMILY

Type of Search	Individual Non-Specific
Search Conducted On	GRACE;DIENA
File Currency	19FEB 2020

125

File Number	Family	of Families	Page	of Pages	Expiry Date	Status			
706775346	4	9	14	39	04JUN 2020				
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
706775346		001	2		20150604 1134 6005 1054	P PPSA	05		
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	2275518 ONTARIO INC.								
Address				City	Province	Postal Code			
200-4256 BATHURST STREET				TORONTO	ON	M3H 5Y8			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	ABIRA HEALTCARE								
Address				City	Province	Postal Code			
200-4256 BATHURST STREET				TORONTO	ON	M3H 5Y8			
Secured Party	Secured Party / Lien Claimant								
	NATIONAL LEASING GROUP INC.								
Address				City	Province	Postal Code			
1525 BUFFALO PLACE				WINNIPEG	MB	R3T 1L9			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X						
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	ALL SPORTS EQUIPMENT-ELLIPTICALS, TREADMILLS, BIKES, FUNCTIONAL TRAINER OF EVERY NATURE OR KIND DESCRIBED IN LEASE NUMBER 2703618, BETWEEN THE SECURED PARTY, AS LESSOR AND THE DEBTOR AS LESSEE, AS								
Registering Agent	Registering Agent								
Address				City	Province	Postal Code			

CONTINUED

Type of Search	Individual Non-Specific									
Search Conducted On	GRACE;DIENA									
File Currency	19FEB 2020									
File Number	Family	of Families	Page	of Pages	Expiry Date	Status				
706775346	4	9	15	39	04JUN 2020					
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>										
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period			
706775346		002	2		20150604 1134 6005 1054					
Individual Debtor	Date of Birth	First Given Name		Initial	Surname					



126

<b>Business Debtor</b>	<b>Business Debtor Name</b> RANDO DRUGS LTD.				<b>Ontario Corporation Number</b>				
	<b>Address</b> 200-4256 BATHURST STREET			<b>City</b> TORONTO	<b>Province</b> ON	<b>Postal Code</b> M3H 5Y8			
<b>Individual Debtor</b>	<b>Date of Birth</b> 12MAY1957	<b>First Given Name</b> GRACE		<b>Initial</b>	<b>Surname</b> DIENA				
<b>Business Debtor</b>	<b>Business Debtor Name</b>				<b>Ontario Corporation Number</b>				
	<b>Address</b> 200-4256 BATHURST STREET			<b>City</b> TORONTO	<b>Province</b> ON	<b>Postal Code</b> M3H 5Y8			
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>	<b>V.I.N.</b>			
<b>General Collateral Description</b>	<b>General Collateral Description</b> AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.								
<b>Registering Agent</b>	<b>Registering Agent</b>								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			

END OF FAMILY

<b>Type of Search</b>	Individual Non-Specific								
<b>Search Conducted On</b>	GRACE;DIENA								
<b>File Currency</b>	19FEB 2020								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	713204973	5	9	16	39	11JAN 2026			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>		
713204973		01	002		20160111 1006 1462 0085	P PPSA	10		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b> 2345760 ONTARIO INC.				<b>Ontario Corporation Number</b>				
	<b>Address</b> 200-4256 BATHURST STREET			<b>City</b> TORONTO	<b>Province</b> ON	<b>Postal Code</b> M3H5Y8			
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>				<b>Ontario Corporation Number</b>				

127

2275518 ONTARIO INC.									
<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>					
200-4256 BATHURST STREET		TORONTO	ON	M3H5Y8					
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	ELEMENT FINANCIAL INC								
<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>					
900-4 ROBERT SPECK PARKWAY		MISSISSAUGA	ON	L4Z1S1					
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>		<b>Model</b>		<b>V.I.N.</b>			
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
<b>Registering Agent</b>	<b>Registering Agent</b>								
	ELEMENT FINANCIAL INC								
<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>					
4 ROBERT SPECK PARKWAY, SUITE 900		MISSISSAUGA	ON	L4Z1S1					

CONTINUED

<b>Type of Search</b>	Individual Non-Specific								
<b>Search Conducted On</b>	GRACE;DIENA								
<b>File Currency</b>	19FEB 2020								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	713204973	5	9	17	39	11JAN 2026			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>		
713204973		02	002		20160111 1006 1462 0085	P PPSA	10		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	RANDO DRUGS LTD.								
<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>					
200-4256 BATHURST STREET		TORONTO	ON	M3H5Y8					
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
	12MAY1957	GRACE				DIENA			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>					
200-4256 BATHURST STREET		TORONTO	ON	M3H5Y8					
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>					

Collateral Classification	Consumer Goods	Inventory Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.		
General Collateral Description	General Collateral Description							
Registering Agent	Registering Agent							
	ELEMENT FINANCIAL INC							
	Address				City	Province	Postal Code	
	4 ROBERT SPECK PARKWAY, SUITE 900				MISSISSAUGA	ON	L4Z1S1	

CONTINUED

Type of Search	Individual Non-Specific							
Search Conducted On	GRACE;DIENA							
File Currency	19FEB 2020							
	File Number	Family	of Families	Page	of Pages			
	713204973	5	9	18	39			
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT								
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number		Registered Under	
		001	002		20190606 1055 1862 0965			
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required		Renewal Years	Correct Period	
	713204973		X	A AMNDMNT				
Reference Debtor/ Transferor	First Given Name			Initial	Surname			
	Business Debtor Name							
	2345760 ONTARIO INC.							
Other Change	Other Change							
Reason / Description	Reason / Description							
	AMEND NAME AND ADDRESS OF SECURED PARTY.							
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname		
	Business Debtor Name						Ontario Corporation Number	
	Address				City	Province Postal Code		
Assignor Name	Assignor Name							

<b>Secured Party</b>	Secured party, lien claimant, assignee ECN FINANCIAL INC.								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	181 BAY STREET, SUITE 2830				TORONTO	ON	M5J 2T3		
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>		<b>V.I.N.</b>		
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
<b>Registering Agent</b>	Registering Agent or Secured Party/ Lien Claimant MILLER THOMSON LLP								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	40 KING STREET WEST, SUITE 5800				TORONTO	ON	M5H 3S1		

CONTINUED

<b>Type of Search</b>	Individual Non-Specific								
<b>Search Conducted On</b>	GRACE;DIENA								
<b>File Currency</b>	19FEB 2020								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>				
	713204973	5	9	19	39				
<b>FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT</b>									
	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule Attached</b>	<b>Registration Number</b>			<b>Registered Under</b>	
		002	002		20190606 1055 1862 0965				
<b>Record Referenced</b>	<b>File Number</b>	<b>Page Amended</b>	<b>No Specific Page Amended</b>	<b>Change Required</b>	<b>Renewal Years</b>	<b>Correct Period</b>			
	713204973								
<b>Reference Debtor/ Transferor</b>	<b>First Given Name</b>				<b>Initial</b>	<b>Surname</b>			
	<b>Business Debtor Name</b>								
<b>Other Change</b>	<b>Other Change</b>								
<b>Reason / Description</b>	<b>Reason / Description</b>								
<b>Debtor/ Transferee</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
	<b>Business Debtor Name</b>								<b>Ontario</b>

150  
Corporation  
Number

								Corporation Number	
Address		City		Province		Postal Code			
Assignor Name		Assignor Name							
Secured Party		Secured party, lien claimant, assignee ECN FINANCIAL INC.							
Address		City		Province		Postal Code			
200 BAY STREET, NORTH TOWER, SUITE 1625		TORONTO		ON		M5J 2J1			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make		Model		V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	Address		City		Province		Postal Code		

END OF FAMILY

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	713474847	6	9	20	39	21JAN 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
713474847		001	2		20160121 1141 6083 9246	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	2275518 ONTARIO INC.					2275518			
	Address		City		Province	Postal Code			
	4256 BATHURST STREET, SUITE 200		TORONTO		ON	M3H 5Y8			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	RANDO DRUGS LTD.					65016			
	Address		City		Province	Postal Code			
	4256 BATHURST STREET, SUITE 200		TORONTO		ON	M3H 5Y8			

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	ELEMENT FINANCIAL INC.								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	5 ROBERT SPECK PARKWAY, SUITE 900				TORONTO	ON	L4Z 1S1		
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
	X	X	X	X	X		725848	15JAN2026	
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>		<b>V.I.N.</b>		
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
	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								
<b>Registering Agent</b>	<b>Registering Agent</b>								
	ESC CORPORATE SERVICES LTD.								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	445 KING STREET WEST, 4TH FL				TORONTO	ON	M5V 1K4		

CONTINUED

<b>Type of Search</b>	Individual Non-Specific								
<b>Search Conducted On</b>	GRACE;DIENA								
<b>File Currency</b>	19FEB 2020								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	713474847	6	9	21	39	21JAN 2026			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>		
713474847		002	2		20160121 1141 6083 9246				
<b>Individual Debtor</b>	<b>Date of Birth</b>		<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>		
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	2345760 ONTARIO INC.					2345760			
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	4256 BATHURST STREET, SUITE 200				TORONTO	ON	M3H 5Y8		
<b>Individual Debtor</b>	<b>Date of Birth</b>		<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>		
	12MAY1957		GRACE				DIENA		
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	4256 BATHURST STREET, SUITE 200				TORONTO	ON	M3H 5Y8		
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>

132

Motor Vehicle Description	Year	Make	Model	V.I.N.
General Collateral Description	General Collateral Description 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.			
Registering Agent	Registering Agent			
	Address	City	Province	Postal Code

CONTINUED

Type of Search	Individual Non-Specific					
Search Conducted On	GRACE;DIENA					
File Currency	19FEB 2020					
	File Number	Family	of Families	Page	of Pages	
	713474847	6	9	22	39	
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT						
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
		001	002		20190606 1053 1862 0956	
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	713474847		X	A AMNDMNT		
Reference Debtor/ Transferor	First Given Name			Initial	Surname	
	Business Debtor Name 2275518 ONTARIO INC.					
Other Change	Other Change					
Reason / Description	Reason / Description AMEND NAME AND ADDRESS OF SECURED PARTY. AMEND COLLATERAL CLASSIFICATION TO REMOVE CONSUMER GOODS, AMOUNT AND ADD MOTOR VEHICLE. DELETE GENERAL COLLATERAL DESCRIPTION.					
Debtor/ Transferee	Date of Birth	First Given Name		Initial	Surname	
	Business Debtor Name				Ontario Corporation Number	
	Address				City	Province Postal Code
Assignor Name	Assignor Name					
Secured Party	Secured party, lien claimant, assignee					

133

ECN FINANCIAL INC.									
Address		City			Province	Postal Code			
181 BAY STREET, SUITE 2830		TORONTO			ON	M5J 2T3			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model			V.I.N.	
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	MILLER THOMSON LLP								
Address		City			Province	Postal Code			
40 KING STREET WEST, SUITE 5800		TORONTO			ON	M5H 3S1			

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages				
	713474847	6	9	23	39				
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		002	002		20190606 1053 1862 0956				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	713474847								
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name								
									Ontario Corporation Number



Address		City		Province	Postal Code				
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee ECN FINANCIAL INC.								
Address		City		Province	Postal Code				
200 BAY STREET, NORTH TOWER, SUITE 1625		TORONTO		ON	M5J 2J1				
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make		Model		V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
Address		City		Province	Postal Code				

END OF FAMILY

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE,DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	714239397	7	9	24	39	23FEB 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
714239397		01	003		20160223 1702 1462 7664	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	2345760 ONTARIO INC.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	2275518 ONTARIO INC.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	ELEMENT FINANCIAL INC								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	900-4 ROBERT SPECK PARKWAY				MISSISSAUGA	ON	L4Z1S1		
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>		<b>V.I.N.</b>		
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
<b>Registering Agent</b>	<b>Registering Agent</b>								
	ELEMENT FINANCIAL INC								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	4 ROBERT SPECK PARKWAY, SUITE 900				MISSISSAUGA	ON	L4Z1S1		

CONTINUED

<b>Type of Search</b>	Individual Non-Specific								
<b>Search Conducted On</b>	GRACE;DIENA								
<b>File Currency</b>	19FEB 2020								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	714239397	7	9	25	39	23FEB 2026			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>		
714239397		02	003		20160223 1702 1462 7664	P PPSA	10		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	RANDO DRUGS LTD.								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	M. BLACHER DRUGS LTD.								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>

Motor Vehicle Description	Year	Make	Model	V.I.N.
General Collateral Description	General Collateral Description			
Registering Agent	Registering Agent			
	ELEMENT FINANCIAL INC			
	Address	City	Province	Postal Code
	4 ROBERT SPECK PARKWAY, SUITE 900	MISSISSAUGA	ON	L4Z1S1

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	714239397	7	9	26	39	23FEB 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
714239397		03	003		20160223 1702 1462 7664	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	2501380 ONTARIO INC.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
	12MAY1957	GRACE				DIENA			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Secured Party	Secured Party / Lien Claimant								
	Address			City	Province	Postal Code			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make	Model	V.I.N.					
General Collateral Description	General Collateral Description								

Registering Agent	Registering Agent			
	ELEMENT FINANCIAL INC			
	Address	City	Province	Postal Code
	4 ROBERT SPECK PARKWAY, SUITE 900	MISSISSAUGA	ON	L4Z1S1

CONTINUED

Type of Search	Individual Non-Specific							
Search Conducted On	GRACE;DIENA							
File Currency	19FEB 2020							
	File Number	Family	of Families	Page	of Pages			
	714239397	7	9	27	39			
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT								
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under		
		001	002		20190606 1053 1862 0955			
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period		
	714239397		X	A AMNDMNT				
Reference Debtor/ Transferor	First Given Name		Initial	Surname				
	Business Debtor Name		2345760 ONTARIO INC.					
Other Change	Other Change							
Reason / Description	Reason / Description							
	AMEND DEBTOR NAME FROM "M. BLACHER DRUGS LTD." TO "FAMILY HEALTH PHARMACY WEST INC." AND AMEND NAME AND ADDRESS OF SECURED PARTY.							
Debtor/ Transferee	Date of Birth	First Given Name		Initial	Surname			
	Business Debtor Name		Ontario Corporation Number					
	FAMILY HEALTH PHARMACY WEST INC.							
	Address		City	Province	Postal Code			
	1604 TECUMSEH RD W		WINDSOR	ON	N9B 1T8			
Assignor Name	Assignor Name							
Secured Party	Secured party, lien claimant, assignee							
	ECN FINANCIAL INC.							
	Address		City	Province	Postal Code			
	181 BAY STREET, SUITE 2830		TORONTO	ON	M5J 2T3			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle	Year	Make		Model	V.I.N.			

138

Description				
General Collateral Description	General Collateral Description			
Registering Agent	Registering Agent or Secured Party/ Lien Claimant MILLER THOMSON LLP			
	Address	City	Province	Postal Code
	40 KING STREET WEST, SUITE 5800	TORONTO	ON	M5H 3S1

CONTINUED

Type of Search	Individual Non-Specific						
Search Conducted On	GRACE;DIENA						
File Currency	19FEB 2020						
	File Number	Family	of Families	Page	of Pages		
	714239397	7	9	28	39		
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT							
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under	
		002	002		20190606 1053 1862 0955		
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period	
	714239397						
Reference Debtor/ Transferor	First Given Name			Initial	Surname		
	Business Debtor Name						
Other Change	Other Change						
Reason / Description	Reason / Description						
Debtor/ Transferee	Date of Birth	First Given Name		Initial	Surname		
	Business Debtor Name						
	Address				City	Province	Postal Code
Assignor Name	Assignor Name						
Secured Party	Secured party, lien claimant, assignee ECN FINANCIAL INC.						
	Address			City	Province	Postal Code	

200 BAY STREET, NORTH TOWER, SUITE 1625

TORONTO

ON

M5J 2J1

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

Registering Agent	Registering Agent or Secured Party/ Lien Claimant
	Address
	City
	Province
	Postal Code

END OF FAMILY

Type of Search	Individual Non-Specific					
Search Conducted On	GRACE;DIENA					
File Currency	19FEB 2020					
File Number	Family	of Families	Page	of Pages	Expiry Date	Status
720482121	8	9	29	39	12SEP 2026	

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
720482121		01	003		20160912 1001 1462 1993	P PPSA	10

Individual Debtor	Date of Birth	First Given Name	Initial	Surname	
Business Debtor	Business Debtor Name			Ontario Corporation Number	
	2345760 ONTARIO INC.				
	Address		City	Province	Postal Code
	200-4256 BATHURST STREET		TORONTO	ON	M3H5Y8

Individual Debtor	Date of Birth	First Given Name	Initial	Surname	
Business Debtor	Business Debtor Name			Ontario Corporation Number	
	2275518 ONTARIO INC.				
	Address		City	Province	Postal Code
	200-4256 BATHURST STREET		TORONTO	ON	M3H5Y8

Secured Party	Secured Party / Lien Claimant
	ELEMENT FINANCIAL INC
	Address
	City
	Province
	Postal Code
	900-4 ROBERT SPECK PARKWAY
	MISSISSAUGA
	ON
	L4Z1S1

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.

<b>General Collateral Description</b>		<b>General Collateral Description</b>		
<b>Registering Agent</b>		<b>Registering Agent</b>		
		ELEMENT FINANCIAL INC		
<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>
4 ROBERT SPECK PARKWAY, SUITE 900		MISSISSAUGA	ON	L4Z1S1

CONTINUED

<b>Type of Search</b>	Individual Non-Specific								
<b>Search Conducted On</b>	GRACE;DIENA								
<b>File Currency</b>	19FEB 2020								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	720482121	8	9	30	39	12SEP 2026			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>		
720482121		02	003		20160912 1001 1462 1993	P PPSA	10		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	RANDO DRUGS LTD.								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	DUMOPHARM INC.								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			
	207 MARJORIE STREET			TECUMSEH	ON	N8N3Z5			
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>	<b>V.I.N.</b>			
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
<b>Registering Agent</b>	<b>Registering Agent</b>								

141

ELEMENT FINANCIAL INC				
Address		City	Province	Postal Code
4 ROBERT SPECK PARKWAY, SUITE 900		MISSISSAUGA	ON	L4Z1S1

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	720482121	8	9	31	39	12SEP 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
720482121		03	003		20160912 1001 1462 1993	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	2527218 ONTARIO INC.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
	12MAY1957	GRACE				DIENA			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Secured Party	Secured Party / Lien Claimant								
	Address			City	Province	Postal Code			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	ELEMENT FINANCIAL INC								
	Address			City	Province	Postal Code			
	4 ROBERT SPECK PARKWAY, SUITE 900			MISSISSAUGA	ON	L4Z1S1			

CONTINUED

Type of Search	Individual Non-Specific							
Search Conducted On	GRACE;DIENA							



File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages				
	720482121	8	9	32	39				
<b>FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT</b>									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under			
		01	001		20160913 1402 1462 2906				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	720482121			A AMNDMNT					
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	2345760 ONTARIO INC.								
Other Change	Other Change								
Reason / Description	Reason / Description								
	TO ADD ADDITIONAL DEBTOR								
Debtor/ Transferee	Date of Birth	First Given Name		Initial	Surname				
	Business Debtor Name					Ontario Corporation Number			
	2527475 ONTARIO INC.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address			City	Province	Postal Code			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	ELEMENT FINANCIAL INC								
	Address			City	Province	Postal			

143

	4 ROBERT SPECK PARKWAY, SUITE 900	MISSISSAUGA	ON	Code L4Z1S1
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CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page of Pages					
	720482121	8	9	33 39					
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under			
		001	002		20190606 1055 1862 0964				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	720482121		X	A AMNDMNT					
Reference Debtor/ Transferor	First Given Name	Initial	Surname						
	Business Debtor Name	2345760 ONTARIO INC.							
Other Change	Other Change								
Reason / Description	Reason / Description								
	AMEND NAME AND ADDRESS OF SECURED PARTY.								
Debtor/ Transferee	Date of Birth	First Given Name	Initial	Surname					
	Business Debtor Name								
	Ontario Corporation Number								
	Address	City	Province	Postal Code					
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	ECN FINANCIAL INC.								
	Address	City	Province	Postal Code					
	181 BAY STREET, SUITE 2830	TORONTO	ON	M5J 2T3					
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make	Model		V.I.N.				

144

<b>General Collateral Description</b>	<b>General Collateral Description</b>			
<b>Registering Agent</b>	<b>Registering Agent or Secured Party/ Lien Claimant</b>			
	MILLER THOMSON LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	40 KING STREET WEST, SUITE 5800	TORONTO	ON	M5H 3S1

CONTINUED

<b>Type of Search</b>	Individual Non-Specific				
<b>Search Conducted On</b>	GRACE;DIENA				
<b>File Currency</b>	19FEB 2020				
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>
	720482121	8	9	34	39

<b>FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT</b>						
	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule Attached</b>	<b>Registration Number</b>	<b>Registered Under</b>
		002	002		20190606 1055 1862 0964	

<b>Record Referenced</b>	<b>File Number</b>	<b>Page Amended</b>	<b>No Specific Page Amended</b>	<b>Change Required</b>	<b>Renewal Years</b>	<b>Correct Period</b>
	720482121					

<b>Reference Debtor/ Transferor</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
	<b>Business Debtor Name</b>		

<b>Other Change</b>	<b>Other Change</b>

<b>Reason / Description</b>	<b>Reason / Description</b>

<b>Debtor/ Transferee</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Assignor Name</b>	<b>Assignor Name</b>

<b>Secured Party</b>	<b>Secured party, lien claimant, assignee</b>			
	ECN FINANCIAL INC.			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	200 BAY STREET, NORTH TOWER, SUITE 1625	TORONTO	ON	M5J 2J1

<b>Collateral</b>	<b>Consumer</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle</b>	<b>Amount</b>	<b>Date of Maturity</b>	<b>No Fixed</b>

Classification	Goods				Included		or	Maturity Date
Motor Vehicle Description	Year	Make			Model			V.I.N.
General Collateral Description	General Collateral Description							
Registering Agent	Registering Agent or Secured Party/ Lien Claimant							
	Address				City		Province	Postal Code

END OF FAMILY

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	725998491	9	9	35	39	28MAR 2027			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
725998491		01	003		20170328 1404 1462 3660	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	2345760 ONTARIO INC.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	2275518 ONTARIO INC.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Secured Party	Secured Party / Lien Claimant								
	ECN FINANCIAL INC.								
	Address			City	Province	Postal Code			
	900-4 ROBERT SPECK PARKWAY			MISSISSAUGA	ON	L4Z1S1			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model			V.I.N.	

General Collateral Description	General Collateral Description			
Registering Agent	Registering Agent			
	ECN FINANCIAL INC.			
	Address	City	Province	Postal Code
	900-4 ROBERT SPECK PARKWAY	MISSISSAUGA	ON	L4Z1S1

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	725998491	9	9	36	39	28MAR 2027			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
725998491		02	003		20170328 1404 1462 3660	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	DUMOPHARM INC.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	RANDO DRUGS LTD.								
	Address			City	Province	Postal Code			
	200-4256 BATHURST STREET			TORONTO	ON	M3H5Y8			
Secured Party	Secured Party / Lien Claimant								
	Address			City	Province	Postal Code			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	ECN FINANCIAL INC.								
	Address			City	Province	Postal Code			
	900-4 ROBERT SPECK PARKWAY			MISSISSAUGA	ON	L4Z1S1			

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	725998491	9	9	37	39	28MAR 2027			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
725998491		03	003		20170328 1404 1462 3660	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
	12MAY1957	GRACE			DIENA				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address					City	Province Postal Code		
	200-4256 BATHURST STREET					TORONTO	ON M3H5Y8		
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address					City	Province Postal Code		
Secured Party	Secured Party / Lien Claimant								
	Address					City	Province Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	ECN FINANCIAL INC.								
	Address					City	Province	Postal Code	
	900-4 ROBERT SPECK PARKWAY					MISSISSAUGA	ON	L4Z1S1	

CONTINUED

Type of Search	Individual Non-Specific						
Search Conducted On	GRACE;DIENA						
File Currency	19FEB 2020						
	File Number	Family	of Families	Page	of Pages		

148

725998491	9	9	38	39					
<b>FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT</b>									
<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule Attached</b>	<b>Registration Number</b>	<b>Registered Under</b>				
	001	002		20190606 1055 1862 0966					
<b>Record Referenced</b>	<b>File Number</b>	<b>Page Amended</b>	<b>No Specific Page Amended</b>	<b>Change Required</b>	<b>Renewal Years</b>	<b>Correct Period</b>			
	725998491		X	A AMNDMNT					
<b>Reference Debtor/ Transferor</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>				
	<b>Business Debtor Name</b>								
	2345760 ONTARIO INC.								
<b>Other Change</b>	<b>Other Change</b>								
<b>Reason / Description</b>	<b>Reason / Description</b>								
	AMEND ADDRESS OF SECURED PARTY.								
<b>Debtor/ Transferee</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
	<b>Business Debtor Name</b>								<b>Ontario Corporation Number</b>
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
<b>Assignor Name</b>	<b>Assignor Name</b>								
<b>Secured Party</b>	<b>Secured party, lien claimant, assignee</b>								
	ECN FINANCIAL INC.								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	181 BAY STREET, SUITE 2830				TORONTO	ON	M5J 2T3		
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>			<b>V.I.N.</b>	
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
<b>Registering Agent</b>	<b>Registering Agent or Secured Party/ Lien Claimant</b>								
	MILLER THOMSON LLP								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
	40 KING STREET WEST, SUITE 5800				TORONTO	ON	M5H 3S1		

CONTINUED

Type of Search	Individual Non-Specific								
Search Conducted On	GRACE;DIENA								
File Currency	19FEB 2020								
	File Number	Family	of Families	Page	of Pages				
	725998491	9	9	39	39				
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		002	002		20190606 1055 1862 0966				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required			Renewal Years	Correct Period	
	725998491								
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name								
	Ontario Corporation Number								
	Address			City	Province	Postal Code			
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	ECN FINANCIAL INC.								
	Address			City	Province	Postal Code			
	200 BAY STREET, NORTH TOWER, SUITE 1625			TORONTO	ON	M5J 2J1			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								



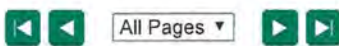
150

Registering Agent	Registering Agent or Secured Party/ Lien Claimant			
	Address		City	Province Postal Code

LAST PAGE

**Note: All pages have been returned.**

[BACK TO TOP](#)



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**Tab G**

**This is Exhibit "G" referred to in the affidavit  
of MAUREEN MCLAREN, SWORN BEFORE ME  
this 20th day of February, 2020**

  
\_\_\_\_\_  
**A COMMISSIONER FOR TAKING AFFIDAVITS**

**Alina Stoica, a Commissioner, etc.,**  
Province of Ontario, for **Miller Thomson LLP,**  
Barristers and Solicitors.  
Expires August 2, 2022.

**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 Diena

**Miller Thomson LLP**

\_\_\_\_\_  
per: Craig A. Mills

Lawyers for ECN Financial Inc.

Court File No.

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE M ) ●DAY, THE \_\_\_\_  
 )  
JUSTICE )  
 ) DAY OF JUNE, 2019

BETWEEN

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.

## **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

**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

and

**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@millertomson.com](mailto:cmills@millertomson.com)

Fax: 416.595.8695

Solicitors for the Plaintiff

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

**AFFIDAVIT OF MAUREEN MCLAREN  
(SWORN February 20, 2020)**

**MILLER THOMSON LLP  
SCOTIA PLAZA  
40 KING STREET WEST, SUITE 5800  
P.O. BOX 1011  
TORONTO, ON CANADA M5H 3S1**

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Lawyers for the Applicant

# Tab 3



ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MR. ) WEDNESDAY, THE 26<sup>TH</sup>  
JUSTICE HAINEY ) DAY OF FEBRUARY, 2020

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 and Guarantor Disclosure)**

THIS MOTION 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 Grace Diena ("**Diena**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Maureen McLaren sworn February 20, 2020 and the Exhibits thereto, the Second Report of KSV dated February 20, 2020 and on hearing the submissions of counsel for the Applicant, the Receiver and the Respondent Diena, no one else attending although duly served as appears from the affidavit of

service of Maureen McLaren sworn February 20, 2020 and on reading the consent of KSV to act as the Receiver,

**AMENDING TITLE OF PROCEEDINGS**

1. THIS COURT ORDERS that Grace Diena is hereby added as a respondent to this Application and that the title of proceedings is hereby amended as follows:

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., 2527475 ONTARIO INC. and GRACE DIENA

Respondents

2. THIS COURT ORDERS that the definition of "Debtors" in the Applicant's Notice of Application issued December 3, 2019 is amended to include Grace Diena and the Notice of Application is amended with this effect from the date of this Order in accordance with the Amended Notice of Application attached as "**Schedule A**" to this Order.

**APPOINTMENT**

3. 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, and only with the powers granted below, of all of the assets, undertakings and properties of Diena, including all proceeds thereof (the "**Property**") for the purposes of investigation and inspection.

**RECEIVER NOT IN POSSESSION OF THE ASSETS**

4. THIS COURT ORDERS that the Receiver shall not take possession of the Property without further Order of the Court.

175

### **RESTRAINT ON PROPERTY**

5. THIS COURT ORDERS that Diena is restrained from transferring, selling, mortgaging, encumbering or otherwise diverting or disposing of any Property without the written consent of the Receiver or pursuant to a court order.

6. THIS COURT ORDERS that Diena may utilize her Property for reasonable, ordinary course living expenses and shall be entitled to pay for such expenses provided however Diena shall not make any capital or other out of the ordinary course expenditures in excess of \$5,000 (in any single transaction) or \$25,000 in the aggregate without the prior written consent of the Receiver.

### **DISPENSING WITH NOTICES UNDER THE BIA**

7. THIS COURT ORDERS that the Receiver be and is hereby relieved from compliance with the provisions of s. 245 and 246, provided that the Receiver shall provide notice of its appointment by way of a copy of this Order to Diena and to the Superintendent of Bankruptcy, accompanied by the prescribed fee.

### **PROVISION OF INFORMATION**

8. THIS COURT ORDERS that Diena shall:

- (a) provide a sworn statement listing all of her assets, liabilities, income and expenses ("**Sworn Statement**") by no later than March 11, 2020. The Sworn Statement shall be prepared as at March 11, 2020 or such earlier date as the Sworn Statement is delivered;
- (b) grant access to the Receiver to all of her financial information and documentation in respect to her Property, including both hard and electronic copies and shall cooperate with the Receiver to consent to the release by any third parties in possession of this information. This access

must be granted by no later than March 11, 2020. This includes, but is not limited to:

- (i) income;
  - (ii) expenses;
  - (iii) tax returns;
  - (iv) bank accounts;
  - (v) investment accounts;
  - (vi) credit card statements; and
  - (vii) copies of all corporate books and records for any entity in which she is an officer, director, trustee or beneficiary of a trust;
- (c) attend for an examination under oath by the Receiver by no later than March 31, 2020, if requested by the Receiver;
- (d) From and after April 1, 2020 monthly income and expense statements on the 1<sup>st</sup> day of every month, including bank and credit card statements as may be requested by the Receiver.

9. THIS COURT ORDERS that in addition to the powers set out herein, the Receiver shall be entitled to communicate with, request information from and meet with any financial institutions where Diena has accounts or investments.

10. THIS COURT ORDERS that the parties may attend as necessary at a 9:30 am appointment to vary this timetable or for further directions.

11. THIS COURT ORDERS that this order is without prejudice to the Receiver returning to Court based on what it learns or other developments, to vary or expand the scope of its appointment and seek further directions on any matter related to Diena or the Property.

12. THIS COURT ORDERS that paragraphs 19-22 of the Receivership Order shall apply to Diena and all of Diena's Property and are incorporated by reference herein.

13. THIS COURT ORDERS that the Receiver shall be permitted to register this order against title to any real property assets of Diena.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

14. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST DIENA OR THE PROPERTY**

15. THIS COURT ORDERS that no Proceeding against or in respect of Diena 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 Diena or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

16. THIS COURT ORDERS that all rights and remedies against Diena, 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 Diena to carry on any business which Diena is not lawfully entitled to carry on, (ii) exempt the Receiver or Diena 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**

17. 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 Diena, without written consent of the Receiver or leave of this Court.

### **CONTINUATION OF SERVICES**

18. THIS COURT ORDERS that all Persons having oral or written agreements with Diena 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 Diena 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 Diena' 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 Diena 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.

### **EMPLOYEES**

19. THIS COURT ORDERS that all employees of Diena shall remain the employees of Diena. 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.

### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

20. 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**

21. 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. 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.

22. THIS COURT ORDERS that paragraphs 14-21 above shall in no way limit the protections and powers afforded to the Receiver in the Receivership Order granted in these proceedings on December 4, 2019.

#### **SERVICE AND NOTICE**

23. 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 the Receiver shall post documents in respect to these proceedings on the Case Website, bearing the URL 'www.ksvadvisory.com/insolvency-cases/rando', previously established in accordance with the Protocol pursuant to the Order of Mr. Justice Hailey dated December 4, 2020.

24. 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 other interested parties at their respective addresses as last shown on the records of the Receiver 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**

25. 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.

26. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of Diena.

27. 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.

28. 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.

29. 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 correspondence, by forwarding true copies thereof by electronic message to 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).

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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., 2527475  
ONTARIO INC. AND GRACE DIENA

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.

**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 , 2019

Issued by \_\_\_\_\_  
Local registrar

Address of court office 330 University Avenue  
7<sup>th</sup> Floor  
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.**  
**Grace Diena**  
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., 2527475 Ontario Inc. and Grace Diena (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



- (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.

February 20, 2020

**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: 416.595.8596

Lawyers for the Applicant

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

**ORDER**  
(APPOINTING RECEIVER AND GUARANTOR DISCLOSURE)

**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**  
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Lawyers for the Applicant

197

# Tab 4

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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.

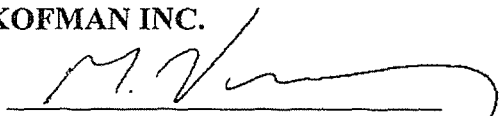
Respondents

**CONSENT**

**KSV KOFMAN INC.** hereby consents to act as the court-appointed Receiver, without security, of all of the assets, undertakings and properties of Grace Diena, in connection with the proceedings pursuant to *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and pursuant to the terms of an order substantially in the form filed.

DATED this 20<sup>th</sup> day of February, 2020

**KSV KOFMAN INC.**

Per: 

Name: Mitch Vininsky  
Title: Managing Director

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

**CONSENT**

**GOLDMAN SLOAN NASH & HABER LLP**  
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Lawyers for the Receiver, KSV Kofman Inc.

194

ECN FINANCIAL INC.

and  
Applicant  
Respondents

2345760 ONTARIO INC. et al.

Court File No: CV-19-00632106-00CL

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

Proceeding commenced at Toronto

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**MOTION RECORD OF THE APPLICANT  
ECN FINANCIAL INC.  
(RETURNABLE FEBRUARY 26, 2020)**

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