2024 **Hfx. No. 538745**

SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**")

AND IN THE MATTER OF an application of Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Applicants**")

AFFIDAVIT OF KEVIN ALEXANDER RICE

I, **KEVIN ALEXANDER RICE**, of the City of Halifax, in the Province of Nova Scotia, make oath and say:

A. INTRODUCTION:

1. I am the President of Blue Lobster Capital Limited ("**BLCL**"), 3284906 Nova Scotia Limited ("**Spirit Co**" or "**Nova Scotia Spirit Co.**"), 3343533 Nova Scotia Limited ("**Lost Bell**" or "**Lost Bell Winery**"), and 4318682 Nova Scotia Limited ("**Annapolis Cider**" or "**Annapolis Cider Co.**") (collectively, the "**Applicants**" or the "**Companies**"). Spirit Co, Lost Bell, and Annapolis Cider are referred to collectively as the "**Operating Companies**." I have personal knowledge of the matters deposed to herein except where stated to be based on information and belief, in which case I state the source of my information and verily believe same to be true.

2. I swear this affidavit in support of the motion returnable August 19, 2026, and in particular: (a) in support of approval of the settlement dated July 8, 2026 (the "**Fee Allocation Settlement**") between AlixPartners Restructuring Inc. (formerly KSV Restructuring Inc.), in its capacity as Monitor of the Applicants (the "**Monitor**"), BLCL and me, under which BLCL's contribution to the CCAA costs of the Operating Companies is fixed at $300,000, comprising a $200,000 settlement payment and the Monitor's retention of $100,000 from BLCL's sale proceeds; and (b) in support of advice and direction that the pre-filing transfers of approximately $378,000 from BLCL's account to the operating line of credit of Spirit Co (together, the "**RBC Debt Repayment**"), comprising the net proceeds of BLCL's Charlottetown condominium of approximately $145,000 and a further approximately $233,000 described below, be allocated to BLCL for distribution purposes.

3. Unless otherwise defined herein, capitalized terms have the meanings given to them in the Amended and Restated Initial Order dated December 20, 2024 (the "**ARIO**").

B. BACKGROUND:

4. BLCL is primarily a real estate investment company. It holds residential and commercial properties for rental purposes (the "**BLCL Real Properties**"). BLCL has no involvement in the production or sale of alcoholic beverages, which was the business of the Operating Companies.

5. BLCL was included in the CCAA proceedings because it had provided cross-guarantees to the Royal Bank of Canada ("**RBC**") in respect of the Operating Companies' debt. Without those cross-guarantees, BLCL would have had no reason to seek or require creditor protection.

6. At the time of the filing on December 13, 2024, BLCL's total indebtedness to RBC was approximately $1,005,000.00. Total group RBC debt was approximately $6,062,000.00. BLCL therefore represented approximately one-sixth of the group's total RBC exposure. Attached hereto and marked as **Exhibit "A"** is a copy of Section 3 of the Fourth Report of KSV Restructuring Inc. dated June 17, 2025 (the "**Fourth Report**"), which sets out the RBC debt by entity.

7. BLCL's unsecured claims total approximately $259,000.00. The Operating Companies' unsecured claims total approximately $2,362,000.00, broken down as follows: Spirit Co. approximately $2,141,000.00 (inclusive of the Beck claim of approximately $844,000.00); Lost Bell Winery approximately $6,600.00; and Annapolis Cider Co. approximately $214,500.00. The foregoing claim amounts are reflected in the Estimated Creditors List circulated by the Monitor on June 16, 2025, a copy of which is attached hereto and marked as **Exhibit "B"**.

C. THE TRANSACTIONS AND BLCL:

8. The Lynch Transaction and the Coast Transaction (collectively, the "**Transactions**") were approved by Associate Chief Justice Jamieson on July 16, 2025. The Transactions related exclusively to the Operating Businesses. Neither Transaction included the BLCL Real Properties.

9. Since the July 2025 decision, the BLCL Real Properties have been marketed separately under the Monitor's authority. The property at 2138 Brunswick Street, Halifax was sold for $1,300,000.00. The remaining BLCL Real Properties continue to be listed for sale.

D. THE FEE ALLOCATION SETTLEMENT:

10. BLCL and I, together with the Monitor, have entered into the Fee Allocation Settlement dated July 8, 2026, which I support. Under the Fee Allocation Settlement, BLCL's contribution to the CCAA costs of the Operating Companies is fixed at $300,000, comprising: (a) a settlement payment of $200,000 payable by BLCL and me to the Monitor within five business days of execution, to be held by the Monitor in trust pending Court approval of the Fee Allocation Settlement and an order authorizing its distribution; and (b) the Monitor's retention of $100,000 from the $111,496 in net proceeds of BLCL's

Brunswick Street property then held by the Monitor (the "**BLCL Cash**"), with the balance of the BLCL Cash to be released to BLCL within five business days of Court approval.

11. Under the Fee Allocation Settlement, BLCL and I assume and will satisfy in full BLCL's unsecured claims, estimated at approximately $259,000, together with BLCL's unpaid operating costs incurred during these proceedings, estimated at approximately $10,000.00, in each case within 90 days of Court approval and subject to the Monitor's confirmation. BLCL and I bear the risk of any amount by which those claims and costs exceed the estimates and obtain the benefit of any amount by which they are less.

12. The Fee Allocation Settlement likewise provides for the separate administration of BLCL's estate. Upon receipt of the settlement payment and confirmation that BLCL's unsecured claims and operating costs have been satisfied in full, the Monitor is to release its interest in BLCL's remaining real properties to BLCL, following which BLCL will manage and realize those properties outside these proceedings.

E. BLCL'S PROPORTIONATE SHARE:

13. BLCL's proportionate share of the group's total RBC indebtedness is approximately 16.6% ($1,005,000.00 of $6,062,000.00). On a claims basis, BLCL's unsecured claims represent approximately 10% of the total unsecured creditor pool ($259,000.00 of $2,621,000.00).

14. BLCL's total contribution to the CCAA costs of the Operating Companies under the Fee Allocation Settlement is $300,000, being the $200,000 settlement payment and the $100,000 retained by the Monitor from the BLCL Cash. Although this exceeds BLCL's strict proportionate share, I support the Fee Allocation Settlement as a fair and final resolution that avoids the cost and uncertainty of a contested allocation hearing.

F. PRE-FILING REALLOCATION OF FUNDS:

15. Prior to the commencement of these proceedings, in the fall of 2024, the RBC Debt Repayment was made by way of two transfers from BLCL's account to the operating line of credit of Spirit Co, totalling approximately $378,000. Only one of these two transfers is addressed in the Tenth Report of the Monitor dated August 10, 2026 (the "**Tenth Report**"). I set out below the history of this matter.

The Asset Sales and the Transfers:

16. In 2024, BLCL realized on two assets, the proceeds of which were deposited into BLCL's RBC account: (a) its residential condominium at 225 Prince Street, Charlottetown, PEI (the "**Charlottetown Property**"), which closed on or about July 17, 2024; and (b) a fishing vessel (the Grady White), the proceeds of which repaid, in part, a private loan I had advanced in respect of that vessel.

17. Throughout 2024, the Applicants' prior counsel, Paul E. Radford KC of Patterson Law, corresponded with Maurice Chiasson KC of Stewart McKelvey, counsel for RBC, regarding the Companies' refinancing efforts and asset dispositions. In that

correspondence, Mr. Radford communicated that proceeds from BLCL property sales would be applied to BLCL's RBC loans. On May 21, 2024, Mr. Radford wrote to Mr. Chiasson that "proceeds from property sales [would] apply to RBC loans." On September 27, 2024, Mr. Radford reported that the fishing vessel sale had closed and the net proceeds of $233,184.41 had been "deposited to BLCL account for RBC." Attached hereto and marked as **Exhibit "C"** are copies of the relevant Radford correspondence with RBC.

18. RBC applied funds from BLCL's account to Spirit Co.'s operating line of credit as follows:

    (a) the net proceeds of the Charlottetown Property, being approximately $145,000 after discharge of the first mortgage, were applied by RBC to Spirit Co.'s operating line of credit, notwithstanding that I had directed through counsel that they be applied to BLCL's own mortgages, which would have reduced the group's indebtedness to the same extent; and

    (b) approximately $233,000 of the proceeds of a fishing vessel, being part of the $233,184.41 repaid to me in respect of a private loan I had advanced and which had been deposited into BLCL's account, were transferred by RBC from BLCL's account to Spirit Co.'s operating line of credit. Together, the two transfers total approximately $378,000.

19. At the time these transfers were made, no demands for payment had been issued by RBC to BLCL under section 244 of the *Bankruptcy and Insolvency Act*. The section 244 demands issued by RBC on February 7, 2024, were directed to the Operating Companies.

20. Having reviewed the emails concerning this matter, I am satisfied that there was a genuine misunderstanding between Mr. Radford and RBC concerning the application of the BLCL funds.

The Issue Is Raised During the Proceeding:

21. On or about March 21, 2025, I raised with Bobby Kofman of the Monitor, the question of whether approximately $335,000.00 applied by RBC from BLCL's asset sale proceeds to Spirit Co.'s operating line of credit could be reallocated to BLCL's account.

22. The swept funds issue was first identified internally in early March 2025. On April 1, 2025, counsel for the Applicants requested a call with Kristen Williams, CPA, the Companies' financial controller at Blue Ocean Management Group Ltd., to discuss the "cash sweep issue." I was present on that call. Ms. Williams provided a breakdown of the transfers confirming the PEI condo and Grady White amounts.

23. On April 28, 2025, following the prior instruction from Mr. Kofman, counsel for the Applicants wrote to Mr. Chiasson challenging the pre-filing intercompany transfers. The letter set out the two transactions, quantified the amounts swept at approximately $322,519.00, and took the position that no demands had been issued to BLCL at the time of the transfers. Attached hereto and marked as **Exhibit "D"** is a copy of the April 28, 2025, letter. No answer was provided.

24. On July 18, 2025, counsel for the Applicants again raised the swept funds issue directly with Monitor's counsel in without prejudice correspondence, identifying the amount as approximately $360,000.00 to $385,000.00, attached hereto as **Exhibit "E"**. I have instructed my counsel to waive prejudice on this correspondence so that it could be included in this affidavit.

25. On July 20, 2025, counsel for the Applicants wrote to Monitor's counsel asking whether the reallocation could be resolved without further Court action. Monitor's counsel responded on July 21, 2025, that Court direction "is an absolute necessity either way." This correspondence is attached hereto as **Exhibit "E"**.

26. On August 27, 2025, Monitor's counsel circulated draft waterfall analyses for the Operating Companies and for BLCL (the "**Draft Waterfall Analyses**"). The Draft Waterfall Analyses are attached hereto and marked as **Exhibit "F"**. The BLCL Draft Waterfall Analysis expressly identifies the "BLCL RBC debt repayment of $378k last Fall" as an unresolved addback item, noting that the analysis assumes it is "not reallocated to the Operating Companies" - confirming that the Monitor understood the reallocation issue to be live and unresolved as of that date. On September 15, 2025, counsel for the Applicants forwarded the Draft Waterfall Analyses to me and requested that I provide a detailed account of my concerns in advance of a meeting to discuss the outstanding distribution issues.

27. On October 9, 2025, I wrote to counsel for the Applicants setting out my detailed concerns regarding the waterfall, including the swept funds issue, which I quantified at approximately $378,000. Attached hereto and marked as **Exhibit "G"** is a copy of my October 9, 2025 email.

28. For the purpose of this motion, the RBC Debt Repayment comprises the two transfers described above and totals approximately $378,000. The precise amounts are subject to confirmation from the RBC account statements. The Tenth Report addresses only the Charlottetown transfer and states its amount as $345,000, which reflects neither the actual proceeds of that transfer nor the second transfer; the Applicants have asked, or will ask, the Monitor to correct or supplement the Tenth Report accordingly.

29. The Applicants do not seek to net the pre-filing transfers against the proposed $200,000 BLCL contribution to CCAA costs. The two issues are independent.

The RBC Security Instruments and Guarantee Structure:

30. Attached hereto and marked as **Exhibit "H"** is a copy of the General Security Agreement between BLCL and RBC (Form S-924, dated May 22, 2019).

31. Attached hereto and marked as **Exhibit "I"** is a copy of the Credit Agreement between BLCL and RBC (dated August 10, 2021), together with the incorporated Standard Terms (Form 472).

32. Attached hereto and marked as **Exhibit "J"** are copies of the five collateral mortgages granted by BLCL to RBC in respect of the BLCL Real Properties.

33. Each of these instruments defines its set-off, appropriation, and security provisions by reference to the obligations of BLCL alone. The General Security Agreement (Exhibit "H") authorizes RBC to set off against "Indebtedness," where "Indebtedness" is defined as the obligations of BLCL to RBC. The Credit Agreement and Standard Terms (Exhibit "I") authorize RBC to apply credit balances against "the indebtedness of the Borrower under the Credit Facilities," where the Borrower is defined as BLCL. The collateral mortgages (Exhibit "J") employ the same entity-specific definitions.

34. None of the instruments contains a cross-entity consolidation-of-accounts provision. The Credit Agreement further contains a whole agreement clause.

35. BLCL did not guarantee the obligations of Spirit Co. (3284906 Nova Scotia Limited) to RBC at any time. The guarantee structure ran in the opposite direction: Spirit Co. and Lost Bell Winery guaranteed BLCL's obligations to RBC. The only instruments by which BLCL guaranteed Operating Company obligations are two Form 812 guarantees executed on March 21, 2024: one in respect of Lost Bell Winery (capped at $500,000.00) and one in respect of Annapolis Cider Co. (capped at $500,000.00). Neither guarantee covers Spirit Co.

36. Attached hereto and marked as **Exhibit "K"** is a copy of the Form 812 guarantee executed by BLCL in respect of Lost Bell Winery (capped at $500,000.00).

37. Attached hereto and marked as **Exhibit "L"** is a copy of the Form 812 guarantee executed by BLCL in respect of Annapolis Cider Co. (capped at $500,000.00).

38. Attached hereto and marked as **Exhibit "M"** are copies of the section 244 demands issued by RBC on February 7, 2024, directed to the Operating Companies. No section 244 demand was ever issued by RBC to BLCL requiring payment of any Operating Company debt, including Spirit Co.'s revolving line of credit.

39. The written forbearance agreements dated February 26, 2024 expired on April 26, 2024, and forbearance continued on an informal basis thereafter, without a further written forbearance agreement. I am advised and believe that RBC's explanation for the transfers is that they were made as a condition of RBC's continued forbearance during that informal period, and that RBC does not assert a contractual entitlement to them. The contemporaneous communications conflict as to the intended application of the funds. On the commercial documents, the proceeds of a BLCL asset, which BLCL directed to its own loans and which are unsupported by any BLCL guarantee of Spirit Co.'s operating line, should be applied to BLCL. I make no allegation of impropriety against RBC, and respectfully ask that the RBC Debt Repayment be allocated to BLCL.

G. THE AGREED DEFERRAL OF THE REALLOCATION ISSUE:

40. Throughout the fall of 2025, counsel for the Applicants and Monitor's counsel were in active communication regarding the reallocation issue and the related question of how BLCL's contribution to the Operating Company CCAA costs should be determined.

41. On November 6, 2025, when a hearing was scheduled for November 10, 2025 to approve the sale and vesting of the Brunswick Street property and to authorize a distribution to RBC, counsel for the Applicants identified four outstanding issues requiring resolution before any distribution: (i) the reallocation of the approximately $360,000 applied by RBC against Spirit Co.'s operating line from BLCL's asset sale proceeds; (ii) the methodology underlying the Monitor's professional fee allocation; (iii) confirmation of the Monitor's projected trust holdings following the Brunswick distribution; and (iv) the basis for the increase in projected professional fees from the June 2025 to the August 2025 waterfall. A copy of the correspondence among counsel in November 2025 is attached hereto and marked as **Exhibit "E"**.

42. On November 6 and 7, 2025, Monitor's counsel responded to confirm that the reallocation issue was a live question, that it could be addressed between the estates without involving RBC, and that there were sufficient net proceeds in the hands of the Monitor from the Operating Company estates (approximately $2,000,000.00) to compensate BLCL in full if the reallocation was determined in BLCL's favour. In light of those representations, the parties agreed that RBC would be paid out from the Brunswick Street sale proceeds on November 10, 2025 on a without-prejudice basis, and that the reallocation and allocation issues would be deferred to a later distribution hearing anticipated for January 2026. I am informed by counsel and believe that, consistent with that agreement, the Monitor withheld the approximate $360,000 at issue from the distribution to RBC and did not finalize the allocation waterfall pending resolution of those outstanding issues.

43. The distribution hearing did not proceed in January 2026 as anticipated. The present motion brings before the Court the reallocation and allocation issues that have been under active discussion among counsel since the spring of 2025, and which all parties understood would require a Court determination. There has been no delay or waiver on the part of the Applicants. The timeline reflects an agreed process of engagement, document exchange, and scheduled judicial resolution.

H. BLCL SOLVENCY AND TERMINATION:

44. The Monitor confirms that BLCL will pay 100% of its unsecured creditors under every scenario modelled. As of February 6, 2026, BLCL had $166,000.00 in cash on hand (net of RBC debt) and estimated remaining real property sale proceeds of $1,575,000.00 based on revised listing prices.

45. The Transactions have closed. RBC has been paid from the Operating Company proceeds. The only remaining issues as between BLCL and the Operating Companies are the quantum of BLCL's contribution to CCAA costs and the reallocation of the pre-filing transfers.

46. Upon payment of BLCL's unsecured claims and its fixed contribution, I will manage, tenant, and realize on the remaining BLCL Real Properties outside of the CCAA proceedings.

SWORN TO before me at the City of ~~Halifax, in~~ the Province of ~~Nova Scotia~~ Newfoundland & Labrador this 11th day of August, 2026.

A Commissioner of Oaths / Notary Public in and for the Province of Newfoundland and Labrador

Witnessed under the *Alternate Witnessing of Documents Act* RSNL 2023 c.-4 using the Microsoft Teams© Platform.

KEVIN ALEXANDER RICE

LIST OF EXHIBITS

Exhibit	Description
"A"	Fourth Report of KSV Restructuring Inc. as Monitor, dated June 17, 2025 (Section 3: RBC Debt)
"B"	Estimated Creditors List ("Blue Ocean Group"), dated June 16, 2025
"C"	Correspondence of Paul E. Radford KC (Patterson Law) with Maurice Chiasson KC (Stewart McKelvey) regarding BLCL asset sales and application of proceeds, 2024
"D"	Email from O'Keefe & Sullivan to Maurice Chiasson KC dated April 28, 2025
"E"	Correspondence between counsel regarding the reallocation and allocation issues, July 2025 - November 2025 (selected)
"F"	Draft Waterfall Analyses circulated by Monitor's counsel on August 27, 2025: (1) NS Spirit Co., Annapolis Cider, and Lost Bell - Waterfall Analysis - OpCo Transactions; and (2) Blue Lobster Capital Limited - Proposed Waterfall Analysis - BLCL
"G"	Email from Kevin Alexander Rice to counsel dated October 9, 2025
"H"	General Security Agreement between BLCL and RBC (Form S-924, dated May 22, 2019)9
"I"	Credit Agreement between BLCL and RBC (dated August 10, 2021) and Standard Terms (Form 472)
"J"	Collateral mortgages granted by BLCL to RBC in respect of the BLCL Real Properties (five instruments)
"K"	Form 812 guarantee executed by BLCL in respect of Lost Bell Winery obligations to RBC (cap: $500,000), dated March 21, 2024
"L"	Form 812 guarantee executed by BLCL in respect of Annapolis Cider Co. obligations to RBC (cap: $500,000), dated March 21, 2024
"M"	Section 244 demands issued by RBC on February 7, 2024, directed to the Operating Companies

This is **Exhibit "A"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "A"

HFX No. 538745

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

- AND –

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF BLUE LOBSTER CAPITAL LIMITED, 3284906 NOVA SCOTIA LIMITED, 3343533 NOVA SCOTIA LIMITED AND 4318682 NOVA SCOTIA LIMITED

FOURTH REPORT OF KSV RESTRUCTURING INC.
AS MONITOR

June 17, 2025

4. The Applicants have 36 employees. An additional 26 staff are employees of Blue Ocean Management Group Limited ("**Blue Ocean**"), an affiliate of the Applicants that provides management, accounting and other support to the Applicants. Blue Ocean is not an applicant in these proceedings.

5. Additional background information about the Applicants is provided in the Rice Affidavit and in the Monitor's prior reports to Court, copies of which are posted on the Monitor's website at: https://www.ksvadvisory.com/experience/case/blue.

3. RBC Debt

1. The Applicants advised the Monitor that as of June 13, 2025, they were each indebted to RBC in the total amount of approximately $6.062 million, as summarized in the table below. Interest and costs continue to accrue on these amounts.

Company	$000s
Spirit Co	3,096
Lost Bell	1,191
Annapolis Cider	770
BLCL	1,005
Total	6,062

2. Each of RBC's loans is described below.

3.1 BLCL Loans

1. RBC advanced loans to BLCL (the "**BLCL Loans**") pursuant to a credit agreement dated January 18, 2021, as amended and restated on August 10, 2021. As of June 13, 2025, RBC has extended to BLCL four term loan facilities and a Visa facility with a balance owing of approximately $1 million.

2. As security for the BLCL Loans, BLCL granted RBC, among other things: (i) collateral mortgages registered against title to certain of the Real Properties; (ii) a general assignment of rents; and (iii) a general security interest in all of the present and after-acquired personal property of BLCL (the "**BLCL Security**"). Spirit Co. has guaranteed the BLCL indebtedness up to $251,000 (the "**BLCL Guarantee**"). Mr. Rice is also a guarantor of the BLCL Loans up to a maximum of $400,000.

3. The following collateral mortgages were registered by RBC against the following BLCL Real Properties:

Address	Date Registered	$000s
61/63 Provost St., New Glasgow, Nova Scotia	June 4, 2019	200
14 Allan Ave., Stellarton, Nova Scotia	February 4, 2020	140
18 Claremont St., Stellarton, Nova Scotia	February 4, 2020	133
2138 Brunswick St., Halifax, Nova Scotia	January 28, 2021	880

4. Pursuant to a forbearance agreement between BLCL and RBC dated February 26, 2024 (the "**BLCL Forbearance Agreement**"), BLCL granted collateral mortgages in favour of RBC in the principal amount of $300,000 against the BLCL Real Properties listed above, as well as additional real property located at 140 George St, New Glasgow, Nova Scotia.

3.2 Operating Businesses Loans

1. RBC extended to Spirit Co, Lost Bell and Annapolis Cider (collectively, the "**Operating Businesses**") the following loan facilities (the "**Operating Businesses Loans**"):

   a) RBC provided financing to Spirit Co. (the "**Spirit Co. Loans**") pursuant to a loan agreement dated January 18, 2021, as amended and restated by a loan agreement dated May 28, 2021 and May 26, 2023. The Spirit Co. Loans consist of a demand loan facility, three term loan facilities and a Visa facility. As security for the Spirit Co Loans, RBC was granted by Spirit Co., among other things: (i) collateral mortgages registered against title to the real property located at 230 Foord St, Stellarton, Nova Scotia, and at 6264 Trafalgar Road, Riverton, Nova Scotia (the "**Spirit Co. Real Property**"); (ii) a general assignment of rents for the real property located at 6264 Trafalgar Road, Riverton, Nova Scotia, and (iii) a general security interest in all the present and after-acquired personal property of Spirit Co. Lost Bell and Annapolis Cider are guarantors of the Spirit Co. Loans jointly and severally up to $7,084,000. Daniel Allen and Tracey Allen, shareholders of the Operating Businesses, and Mr. Rice are also each guarantors of these facilities up to a maximum of $500,000. Pursuant to a forbearance agreement between RBC and Spirit Co., Lost Bell, and Annapolis Cider dated February 26, 2024 (the "**NSL Forbearance Agreement**"), Spirit Co. has granted additional security to RBC to secure the obligations of Spirit Co., Lost Bell and Annapolis Cider: (i) collateral mortgages in the principal amount of $4,500,000 over the real property located at 228-230 Foord St, Stellarton, Nova Scotia, 6264 Trafalgar Road, Riverton, Nova Scotia, and 4558 Pictou Landing Road, Hillside, Nova Scotia.

   b) RBC provided financing to Lost Bell (the "**Lost Bell Loans**") pursuant to a credit agreement dated January 18, 2021, as amended and restated by a loan agreement dated August 10, 2021. The credit facilities consist of two term loan facilities, a demand loan facility, a lease facility and a Visa facility. As security for the Lost Bell Loans, RBC was granted by Lost Bell, among other things: (i) collateral mortgages registered against title to 11 Dudley Park Lane, Falmouth, NS; (ii) a general assignment of rents; and (iii) a general security interest in all the present and after-acquired personal property of Lost Bell. Spirit Co. and Annapolis Cider are guarantors, each to the extent of $2.3 million. Pursuant to the NSL Forbearance Agreements, Lost Bell granted a collateral mortgage over the real property located at 11 Dudley Park Lane, Falmouth, NS as security for the obligations of Spirit Co. and Annapolis Cider, (ii) BLCL guaranteed the obligations of Lost Bell up to a maximum of $500,000 and (ii) Mr. Rice, Mr. Allen and Ms. Allen each guaranteed the obligations of Lost Bell up to the sum of $500,000.

   c) RBC provided financing to Annapolis Cider (the "**Annapolis Cider Loans**") pursuant to a credit agreement dated April 9, 2019, as amended and restated May 28, 2021, August 10, 2021, and April 28, 2023. The credit facilities consist of three term loan facilities, one revolving loan facility, two lease facilities, and a Visa facility. As security for the Annapolis Cider Loans, RBC was granted by Annapolis Cider, among other things a general security interest in all the present and after-acquired personal property of Annapolis Cider. Spirit Co. and Lost Bell are guarantors, each to the extent of $2.6 million. Pursuant to the NSL Forbearance Agreement, (i) Annapolis Cider granted additional security to RBC

to secure the obligations of Spirit Co. and Lost Bell through a collateral mortgage in the principal amount of $1,000,000 over the real property located at 1151 Parkway Drive, Port Williams, (ii) BLCL guaranteed the obligations of Annapolis Cider to a maximum of $500,000, and (iii) each of Mr. Rice, Mr. Allen, and Ms. Allen guaranteed the obligations of Annapolis Cider to a maximum of $500,000.

3.3 Security Opinion

1. The Monitor has retained Lawson Creamer to provide an opinion on whether RBC's security interests described in Section 3.2 above are valid and enforceable as against the Applicants (the "**Security Opinion**"). Lawson Creamer is in the process of completing the Security Opinion. The Monitor will deliver a copy of the Security Opinion at the direction of the Court if the Court wishes to review the Security Opinion.

2. Subject to the Security Opinion confirming that RBC's security interests are valid and enforceable, the Monitor requests this Court permit the Monitor to make one or more distributions to RBC up to the full amount owing to it by the Operating Businesses.

4. SISP[1]

1. The Monitor conducted the SISP on behalf of the Applicants. The SISP was summarized in the Third Report, a copy of which is attached (without appendices) as **Appendix "B"**. Commencement of the SISP was a condition of RBC agreeing to extend the DIP Facility and included, in its terms, the following:

   In the event that the Borrowers have not executed an agreement with a lender or other third party in form and substance acceptable to the Bank by February 21, 2025, which will provide for the repayment in full of all obligations owing to the Bank under the Loan Agreements, the Borrowers shall complete their preparation for the SISP and shall make application for approval of the SISP by the Court no later than March 7, 2025. The Borrowers shall provide that all transactions under the SISP will be completed no later than June 30, 2025.

2. The Borrowers did not execute an agreement with a lender or other third party in form and substance acceptable to RBC by February 21, 2025.

3. The following table provides a summary of SISP milestones.

Milestone	Date
Court approval of SISP	March 7, 2025
Distribute teaser and confidentiality agreement	March 14, 2025
Bid Deadline	May 9, 2025
Review and negotiate bids	1-14 days after the bid deadline
Selection of Successful Bidder(s)	Immediately following negotiation of the bids, in consultation with RBC
Court approval and closing(s)	As soon as possible, with the objective of completing a transaction by June 30, 2025, unless extended with the consent of RBC

[1] Capitalized terms not defined in this section have their meanings defined in the Third Report.

This is **Exhibit "B"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "B"

Blue Ocean Group
As of June 16, 2025
Unaudited, est.
$000s

RBC Debt	
Operating companies	5,057
BLCL	1,005
Unsecured creditors	
Operating companies	
Pre-filing	1,396
Post-filing (est.)	400
CRA	640
BLCL	
Pre-filing	11
Post-filing (est.)	5
CRA	240
Professional fees (est.)	
RBC advisors	100
Monitor and legal counsel	250
Company counsel	150
Total estimated claims	9,254
Professional fees	500
Operating company debt	7,493
BLCL	1,261
Total	9,254

Other factors:

1. Does not consider any compensation for the purchasers who participated in the process, which would reduce the $8MM available under Alex's proposal.

2. Any reallocation of the BLCL debt to the Operating Companies further reduces recoveries for unsecured creditors of the Cperating Companies.

3. Based on the value of the Operating Companies transactions, it is the Monitor's view that those transactions provide more value for unsecured creditors of the Operating Companies than Alex's transaction.

This is **Exhibit "C"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "C"

From: Maurice Chiasson <mchiasson@stewartmckelvey.com>
Sent: Monday, July 29, 2024 9:08 AM
To: Paul Radford
Cc: Northrup, Dave; Steven.J.McLaughlin@parthenon.ey.com
Subject: RE: RBC - Blue Lobster Capital Limited

Importance: High

Dear Paul,

Thank you for yours of July 23.

The Bank is getting increasingly frustrated and impatient at the lack of progress made by your clients in refinancing the Bank's loans. As you know, the Bank demanded the repayment of its loans on February 7, 2024 and provided a Forbearance Agreement which expired on April 26, 2024. No substantive progress has been made toward refinancing despite assertions by your clients to the contrary.

The proposed refinancing with FCC is seemingly stalled by the inability of your clients to produce proper financial statements for the year ended 2023, among others. The Bank needs to understand what is taking so long with this process. The Bank requires written communication from Grant Thornton as to what remains outstanding and when that firm expects to complete its financial statements.

In my note of July 22, I provided the Bank's expectations for the retirement of its term loans. That schedule, which accords with the cash flow schedule agreed with the Ernst & Young, provided for repayment no later than Aug. 31. Your reply seeks to extend this to Sept. 14. This is not acceptable to the Bank. The Bank is not prepared to extend beyond Aug. 31 as previously advised. We are already behind schedule as the first payment (to be effected by a reduction in the operating line) was to be made the week ending July 27 which date is now behind us.

As noted previously, the Bank's forbearance period has expired and the Bank requires concrete evidence that refinancing efforts are proceeding in earnest along an accelerated timeline. As such, the Bank requires (in addition to the communication from Grant Thornton) the following:

1. Confirmation from FCC, delivered no later than Aug. 8, 2024, that, subject to a satisfactory review of the year-end financial statements for the numbered companies, it will deliver a definitive offer to refinance their loans.

2. Copies of any term sheets or discussion papers with any proposed operating lender for the numbered companies.

3. Copies of any term sheets or discussion papers with any proposed lenders for Blue Lobster Capital Limited.

If the Bank does not receive copies of the above materials by August 15, 2024, the Bank will have no choice but to conclude that there are no reasonable prospects for the refinancing of its debts and further the Bank will consider all of its options as of Aug. 31, including the realization of its security.

We trust you and your clients will give this matter your immediate attention.

Regards,

Maurice

Maurice P. Chiasson, K.C.
Partner / Associé
Stewart McKelvey
D: 902.420.3300
C: 902.452.8626

From: Paul Radford <pradford@pattersonlaw.ca>
Sent: Tuesday, July 23, 2024 11:05 PM
To: Maurice Chiasson <mchiasson@stewartmckelvey.com>
Subject: RE: RBC - Blue Lobster Capital Limited

This is an external email.

Maurice:

I had not understood the request for the term loan agreements to be signed without an attached payment schedule for those loans, but have now been informed and understand that the gradual reduction of the operating loan limit is to offset the term loan arrears, so that is in effect the payment schedule for reduction of the term loans.

My clients are willing to sign the term loan agreements but request that in light of the recent LCBO strike and other considerations the schedule of reduction of operating loan be extended slightly through the middle of September as required to pay accruals. It is my client's intent to retire all RBC debt of the three numbered companies with refinancing from FCC as soon as possible which may supersede this schedule.

The requested revised schedule is set out below, which provides the same ending cash flow after the 13 week projection period provided to E&Y. If this is acceptable to RBC the agreement will be signed ASAP:

- Week ending 27 July 2024 - $100,000
- Week ending 3 August 2024 - $100,000
- Week ending 17 August 2024 - $50,000
- Week ending 31 August 2024 - $50,000
- Week ending September 14 -$25,000

Regarding the proceeds of the Charlottetown condo, Blue Lobster Capital wants the balance of the $350,000 proceeds after payout of the term loan applied to Blue Lobster Capital's Term Loan 018 for $102,907.55 and any remainder be applied to RBC Term Loan 017 for $73,685.83 - the Spiritco operating loans will be repaid from the refinancing with FCC and a new operating loan.

Grant Thornton (GT) is still going through its quality review process before releasing final financial statements and has now stated its timeline for finalizing the statements is by the end of July. I have a copy of the email to this effect from Peter Murray of GT to E&Y.

FCC is waiting for the GT final statements, which has it has indicated all along is a requirement before issuing a commitment letter. The application to FCC is to refinance the loans owing to RBC by the three numbered companies and pay HST but not the loans owing by Blue Lobster Capital. A different lender is to provide an operating loan. The loans owing to RBC by Blue Lobster Capital will be refinanced with a different lender on security of the Blue Lobster Capital properties separately and not connected to the FCC financing. Because of the collateral guarantees to RBC and cross securitization of properties between the numbered companies and Blue Lobster Capital, the Blue Lobster capital refinancing is being timed to take place at the same time as the FCC financing.

Lastly, I confirm that Blue Lobster Capital is pursuing refinancing of its properties and is not planning to rely on paying out RBC through sales of its properties.

Let me know if any of the foregoing is not acceptable to RBC or if RBC has other issues.

Paul

Mobile (902) 497-8350

Patterson LAW

Paul E. Radford, K.C.

Tel: 902.405.3309 | Fax: 902.405.8001
Toll-Free: 1.888.897.2001
1801 Hollis Street | Suite 2100 | Halifax NS | B3J 3N4

From: Maurice Chiasson <mchiasson@stewartmckelvey.com>
Sent: Monday, July 22, 2024 2:33 PM
To: Paul Radford <pradford@pattersonlaw.ca>
Cc: 'Steve McLaughlin' <Steven.J.McLaughlin@parthenon.ey.com>; Northrup, Dave <dave.northrup@rbc.com>
Subject: RBC - Blue Lobster Capital Limited

Paul,

We still have not received any indication from your clients that they intend to sign the term loan repayment agreements. As previously advised, the Bank requires payments to be made as these have been delinquent for some time. There have been discussions between your clients and EY concerning the cash flow requirements surrounding these payments. As a result of these discussions, the Bank proposes to reduce the operating line of 3284906 Nova Scotia Limited as follows:

- Week ending 20 July 2024 - $100,000
- Week ending 3 August 2024 - $100,000
- Week ending 17 August 2024 - $100,000
- Week ending 31 August 2024 - $25,000

The Bank will proceed in the manner set out above unless we hear back from you to the contrary by the end of this week.

As well, the Bank confirms receipt of the proceeds from the sale of the Charlottetown condo property owned by Blue Lobster Capital Limited. The Bank will provide evidence of the repayment in full of the term loan related to this property in the next few days. The Bank then proposes to apply the excess proceeds to a permanent reduction in the operating line of 3284906 Nova Scotia Limited – again unless we hear from you to the contrary by the end of this week.

Finally, please advise as to the status of the proposed refinancing with FCC. Specifically, kindly advise if you are in receipt of a signed offer letter. If not, when you do expect same? Also, kindly advise if you anticipate that such letter of offer would provide sufficient funds to retire the obligations of the three numbered companies and Blue Lobster Capital Limited. If not, the Bank expects (as previously advised on several occasions) that the obligations of Blue Lobster Capital Limited will be refinanced rather than paid down through a piece-meal sale of properties.

We look forward to your early reply.

Regards,
Maurice

Maurice P. Chiasson, K.C.
Partner / Associé
D: 902.420.3300
C: 902.452.8626
mchiasson@stewartmckelvey.com
stewartmckelvey.com

****
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This is **Exhibit "D"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "D"

Darren O'Keefe

From: Darren O'Keefe
Sent: April 28, 2025 12:33 PM
To: Maurice Chiasson
Cc: Kristen Williams; Megan Taylor
Subject: Re: Blue Lobster Capital Ltd.

Maurice,

I have been speaking to my client concerning certain transactions that occurred in the summer of 2024, including the sale a property and vessel owned by Blue Lobster Capital Ltd. It is my understanding that the proceeds of these sales were used to pay out unrelated debts owing by Nova Scotia Liquor Corp. The break down I received is as follows:

1) Sale of 252-3 Prince Street, PE Condo

17 Jul BR TO BR - Credit Adjustment 505 Cox and Palmer Lawyer Trust Cheque $145,480.40

Proceeds from Sale *net of HST* $449,000 (HST incl. $516,350)
Balance of mortgage (214,000.58)
Estimated payout 234,999.42
Less actual payout (145,480.40)
Amount held by RBC **$89,519.02**

2) Sale of Grady White

23 Sep Funds transfer credit IGNITION MARINE $233,184.41

26 Sep BR TO BR - Debit Memo 0498 Loan 05253-33693921-001 ($233,000.00)

Can you please inquire with the Bank to explain the basis of these intercompany transfers. At the point these payments were made no demands had been issued to BLCL and as such no enforcement against the proceeds of these sales would have been permitted absent BLCL consent.

Regards,

Darren D. O'Keefe
Partner, Lawyer | O'Keefe & Sullivan
P 709 800 6536 | **C** 709 699 3002
E dokeefe@okeefesullivan.com

This email (including any attachments) is confidential and may contain solicitor client or other privileged information. It is intended only for the use of the addressee(s). If you have received this email in error, please notify the sender immediately, and delete all versions of this email and any attachments.

This is **Exhibit "E"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "E"

Darren O'Keefe

From: Darren O'Keefe
Sent: July 18, 2025 1:20 PM
To: R. Brendan Bissell; Sharon Kour
Cc: Wayne Myles; Megan Taylor; Essber Essber
Subject: Re: Blue Lobster Capital Ltd. et. al.

Without Prejudice

Brendan and Sharon:

Following up on our call yesterday, here are the points that we would ask you seek instructions on from the Monitor:

1. Looking to confirm what (if anything) is required from Alex Rice and/or other management for the transition so we can advise accordingly. In particular, for those management members not moving with the Purchaser, they need to know when their services will be terminated.

2. On RBC, we need the Monitor to provide input/support with respect to the approximate 360K that was swept from the BLCL accounts in August 2025 and applied to the credit line of Nova Scotia Spirits. This is a disbursement issue because the proper allocation of these funds will change the proposed paydown/redemption numbers for BLCL, and will also effect the amount available from the operating company sales for unsecured creditors.

3. We need to determine, further to our appearance in Court, if the Monitor will provide Mr. Rice/BLCL a period of at least 60 days to refinance and/or sell the Brunswick street property to pay out RBC. This is related to point 2 above as well.

4. We need to understand what the "Excluded Assets" are in the transactions. Essber has been looking for a copy of the final APA but could not find it, I understand he will email you on this.

5. You will also have seen an email from me earlier today concerning invoices which we will need a response on. I have instructed out accounting staff to update all our invoices for Monday, and if the Monitor is not willing to approve these on the terms of our retainer and the ARIO, we will have to seek Court direction. I note that the Monitor had previously threatened Mr. Rice with respect to imposing fees on Mr. Rice directly. If there is any attempt in that regard we will advise Mr. Rice to obtain independent legal advice. As we have said repeatedly, Mr. Rice is not our client.

As noted on the call, we are seeking cooperation on the above issues. We also need to advise our client on any potential appeal, and the answer to the above may inform whether an appeal is necessary.

Darren D. O'Keefe
Partner, Lawyer | O'Keefe & Sullivan
P 709 800 6536 | C 709 699 3002
E dokeefe@okeefesullivan.com

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From: R. Brendan Bissell <bbissell@reconllp.com>
Sent: July 16, 2025 5:40 PM
To: Sharon Kour <skour@reconllp.com>; Darren O'Keefe <dokeefe@okeefesullivan.com>
Cc: Wayne Myles <wmyles@okeefesullivan.com>; Megan Taylor <mtaylor@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>
Subject: RE: Blue Lobster Capital Ltd. et. al.

All: I've got court on another matter tomorrow (in Brampton, which is a definite downgrade from Halifax or St. John's...). So I will need to leave you with Sharon for this, which is probably appropriate anyhow now that she's back.

RECON
RECONSTRUCT LLP

R. Brendan Bissell
Partner
T |416.613.0066
C |416.992.4979
E |bbissell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

From: Sharon Kour <skour@reconllp.com>
Sent: Wednesday, July 16, 2025 3:48 PM
To: Darren O'Keefe <dokeefe@okeefesullivan.com>; R. Brendan Bissell <bbissell@reconllp.com>
Cc: Wayne Myles <wmyles@okeefesullivan.com>; Megan Taylor <mtaylor@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>
Subject: RE: Blue Lobster Capital Ltd. et. al.

Thanks for the note Darren, appreciate the sentiment. I am available after 11 ET / 12.30 NL.

RECON
RECONSTRUCT LLP

Sharon Kour
Partner
T |416.613.8283
C |416.875.5243
E |skour@reconllp.com

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80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

From: Darren O'Keefe <dokeefe@okeefesullivan.com>
Sent: Wednesday, July 16, 2025 3:42 PM
To: R. Brendan Bissell <bbissell@reconllp.com>; Sharon Kour <skour@reconllp.com>

Cc: Wayne Myles <wmyles@okeefesullivan.com>; Megan Taylor <mtaylor@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>
Subject: Re: Blue Lobster Capital Ltd. et. al.

Without Prejudice

Brendan and Sharon -

First, congratulations on your result today.

Can we organize a call to discuss next steps on Blue Lobster given the decision from the Court today? We are available this evening or first thing in the morning. Timing is important as we want to advise our client regarding its rights to appeal the decision or whether it should just stand down at this point and work on a cooperative path forward.

Thanks,

Darren D. O'Keefe
Partner, Lawyer | O'Keefe & Sullivan
P 709 800 6536 | **C** 709 699 3002
E dokeefe@okeefesullivan.com

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Darren O'Keefe

From: R. Brendan Bissell <bbissell@reconllp.com>
Sent: July 21, 2025 10:32 AM
To: Darren O'Keefe
Cc: Wayne Myles; Megan Taylor; Sharon Kour; Essber Essber
Subject: RE: Blue Lobster Capital Ltd. et. al.

Good morning, Darren. Thanks for the email.

We've reviewed this with the Monitor (in part again).

The Monitor disagrees that it ever said that the possible reallocation of the payment made to RBC was not its problem. Instead, the Monitor said that direction from the Court would ultimately be required to finalize this issue, once the bank and borrower had fleshed out their respective positions, which is entirely consistent with what is now being said.

That is of course precisely because of the issue that you (correctly) identify in your email, which is that any reallocation of the funds away from SpiritCo to BLCL will likely impact the creditors of SpiritCo (and leaving the funds there will impact BLCL).

Direction from the Court on this issue is an absolute necessity either way. The Monitor does not share your views/fears that this is then a $100,000 issue in terms of fees. While the fees will no doubt be driven by whatever complexity and opposition there is on these issues, one thing that can be done to control fees is to attempt to deal with this while something else is before the Court already, so that it is "added on" rather than a standalone hearing on that issue.

Please let us know by 1:00pm Atlantic time if your client is prepared to agree along the lines outlined in my prior emails. If not, the Monitor will be moving ahead and that option may no longer be available after that time.

Regards,

RECON
RECONSTRUCT LLP

R. Brendan Bissell
Partner
T |416.613.0066
C |416.992.4979
E |bbissell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

From: Darren O'Keefe <dokeefe@okeefesullivan.com>
Sent: Sunday, July 20, 2025 8:12 PM
To: R. Brendan Bissell <bbissell@reconllp.com>
Cc: Wayne Myles <wmyles@okeefesullivan.com>; Megan Taylor <mtaylor@okeefesullivan.com>; Sharon Kour <skour@reconllp.com>; Essber Essber <eessber@okeefesullivan.com>
Subject: Re: Blue Lobster Capital Ltd. et. al.

Without Prejudice

Good evening Brendan,

I just got off the phone with our client and went over your email with them. They are going to let me know first thing in the morning which way they want to go.

Mr. Rice, in his capacity as director of BLCL is concerned with the allocation of the $385k and queries whether it is possible to have that resolved without further Court action. In our view, it is a simple matter of RBC agreeing to relocate that $385k to the loan calculation in SpiritCo. and therefore the payout on SpiritCo. will reduce accordingly.

The concern is that if we have to go to Court to resolve this matter as indicated in your email below we are going spend another 100k+ which ultimately be paid by BLCL.

For your information, this issue was raised the number of months back in the Monitor effectively took the position that it was not his problem. But when you follow the money, it actually does become a Monitor problem because we are effectively taking $385k from BLCL and re allocating it to the unsecured creditors of SpiritCo. in the waterfall.

I should have an answer for you in the morning, but in the meantime, it would be helpful. If you could speak with the Monitor again to confirm they're willingness to try to have this issue resolved quickly.

Darren O'Keefe
Partner | Lawyer
O'Keefe & Sullivan
P: 709 699 3002

> On Jul 20, 2025, at 8:53 PM, R. Brendan Bissell <bbissell@reconllp.com> wrote:
>
> Darren: Any consensual resolution is going to need to happen quickly. Can we please hear from you?
>
> **R. Brendan Bissell**
> **Partner**
> **T** |416.613.0066
> **C** |416.992.4979
> **E** |bbissell@reconllp.com
>
> Reconstruct LLP | Restructuring and Litigation Lawyers
> 80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4
>
> > On Jul 19, 2025, at 12:05 PM, R. Brendan Bissell <bbissell@reconllp.com> wrote:
> >
> > Hi Darren: Sorry for a weekend email, but as I'm sure you can imagine this is time sensitive. The willingness to try to make accommodations as noted below will depend on a timely resolution. Please get back to us ASAP on your client's position so that we can either follow up with Maurice if this is going to work, or look at next steps if not.

Thanks, and regards,
Brendan

R. Brendan Bissell
Partner
T |416.613.0066
C |416.992.4979
E |bbissell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

On Jul 18, 2025, at 3:40 PM, R. Brendan Bissell <bbissell@reconllp.com> wrote:

WITHOUT PREJUDICE

Hi Darren: Thanks for your email and your call (with Wayne). We've discussed this with our client to get its views and suggestions on how this could proceed to get to an outcome that would allow Alex time to refinance or sell the real property. Using your numbering:

1. The expectation is that Alex would continue to provide management and oversight as usual until closing of the transactions approved by the Court, at which time his role for each of the operations will cease. Assuming that Alex continues to contribute in a positive way and facilitates the transition, there will be no need to alter that.

2. The Monitor has not formulated its own view on the matter and likely will not be in a position to do that in the immediate future. As you know, any adjustment will impact unsecured creditors in the operating companies, and it is incumbent on the Monitor to consider that. As previously advised, the Monitor expects that it will need-court direction on this point, and of course will proceed as the Court directs. To allow us to move forward before this issue is pinned down, the Monitor can confirm that it will hold back the amount at issue (said to be $360K) from any proceeds until we have a determination on this issue.

3. Subject to RBC agreeing, the Monitor would be willing to reach agreement on this point with Alex to allow him some time to refinance or sell. We would need to reach agreement on this point on detailed and specific terms, including the following: (i) that any extension of time of the sale process would be to a specific date (no more than 60 days out); (ii) in order to prevent the sale process from resuming at that point there would need to be either (a) liquid funds to tender to repay all amounts owing by BLCL (including but not limited to RBC) or (b) an unconditional agreement to sell one

or more of the properties in an amount to repay the debts referred to in (a) and with terms satisfactory to the Monitor and RBC, such as a satisfactory closing date and deposit; (iii) acknowledgment that BLCL would have the right to redeem the properties during a sale process, but only until the Monitor accepts an unconditional offer to purchase any property, after which it is agreed that right expires insofar as that piece of property is concerned. We did briefly discuss this point with Maurice Chiasson, who we expect would be prepared to recommend this to RBC.

4. I previously sent the APA's to Essber. If there is any further need for clarity on what (if anything) would remain following the two transactions, please let us know. Assuming everyone is behaving commercially reasonably, this is the sort of thing that ought to be pretty mechanical to sort out and is in everyone's interest to see coming so that everyone concerned will know where they stand after a closing.

5. The Monitor was given authority to approve (among other things) disbursements in the Ancillary Order just granted, so it obviously now needs to do so. There is no more to this than the Monitor fulfilling the function directed by the Court. There is no need to seek unredacted fee invoices from your firm to begin with and if there are any issues for follow-up the Monitor expects that god faith efforts to address them will resolve them.

I believe this addresses Alex's key concern to preserve his interest in the BLCL real property. We need Alex's full cooperation and agreement – we would like to avoid the situation with the MOU where effort was made by everyone in good faith to reach principal terms only to have them rejected.

I would appreciate if you could please confirm as soon as possible that Alex is agreeable in principle so that we can paper the terms and move forward on a consent basis.

Regards,


R. Brendan Bissell
Partner
T | 416.613.0066
C | 416.992.4979
E | bbissell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

From: Darren O'Keefe <dokeefe@okeefesullivan.com>
Sent: Friday, July 18, 2025 11:50 AM
To: R. Brendan Bissell <bbissell@reconllp.com>; Sharon Kour <skour@reconllp.com>

Cc: Wayne Myles <wmyles@okeefesullivan.com>; Megan Taylor <mtaylor@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>
Subject: Re: Blue Lobster Capital Ltd. et. al.

Without Prejudice

Brendan and Sharon:

Following up on our call yesterday, here are the points that we would ask you seek instructions on from the Monitor:

1. Looking to confirm what (if anything) is required from Alex Rice and/or other management for the transition so we can advise accordingly. In particular, for those management members not moving with the Purchaser, they need to know when their services will be terminated.

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As noted on the call, we are seeking cooperation on the above issues. We also need to advise our client on any potential appeal, and the answer to the above may inform whether an appeal is necessary.

Darren D. O'Keefe
Partner, Lawyer | O'Keefe & Sullivan
P 709 800 6536 | **C** 709 699 3002
E dokeefe@okeefesullivan.com

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Subject: RE: Blue Lobster Capital Ltd. et. al.

All: I've got court on another matter tomorrow (in Brampton, which is a definite downgrade from Halifax or St. John's...). So I will need to leave you with Sharon for this, which is probably appropriate anyhow now that she's back.

 **R. Brendan Bissell**
Partner
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Subject: RE: Blue Lobster Capital Ltd. et. al.

Thanks for the note Darren, appreciate the sentiment. I am available after 11 ET / 12.30 NL.

<image001.png>

Sharon Kour
Partner
T |416.613.8283
C |416.875.5243
E |skour@reconllp.com

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Sent: Wednesday, July 16, 2025 3:42 PM
To: R. Brendan Bissell <bbissell@reconllp.com>; Sharon Kour <skour@reconllp.com>
Cc: Wayne Myles <wmyles@okeefesullivan.com>; Megan Taylor <mtaylor@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>
Subject: Re: Blue Lobster Capital Ltd. et. al.

Without Prejudice

Brendan and Sharon -

First, congratulations on your result today.

Can we organize a call to discuss next steps on Blue Lobster given the decision from the Court today? We are available this evening or first thing in the morning. Timing is important as we want to advise our client regarding its rights to appeal the decision or whether it should just stand down at this point and work on a cooperative path forward.

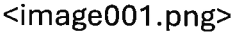
Thanks,

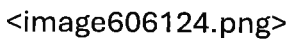
Darren D. O'Keefe
Partner, Lawyer | O'Keefe & Sullivan
P 709 800 6536 | **C** 709 699 3002
E dokeefe@okeefesullivan.com

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Darren O'Keefe

From: R. Brendan Bissell <bbissell@reconllp.com>
Sent: August 27, 2025 3:06 PM
To: Darren O'Keefe
Subject: RE: Blue Lobster Capital Ltd. et. al.
Attachments: Opcos - Draft Waterfall Analysis.pdf; BLCL - Draft Waterfall Analysis.pdf

Thanks, Darren. I saw the new CCAA matters – congrats on those.

I'll inquire about the professional fees and get back to you.

In the meantime, as noted in my prior email below KSV has prepared preliminary waterfall analyses for the opco's and for BLCL, attached. They are preliminary because the allocation issues may require adjustment yet (in part based on what you will get back to us on as noted in your email below) and also because the Monitor cannot be certain about creditors until a claims process has been run.

Regards,
Brendan

RECON
RECONSTRUCT LLP

R. Brendan Bissell
Partner
T |416.613.0066
C |416.992.4979
E |bbissell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

From: Darren O'Keefe <dokeefe@okeefesullivan.com>
Sent: Wednesday, August 27, 2025 7:23 AM
To: R. Brendan Bissell <bbissell@reconllp.com>
Subject: Re: Blue Lobster Capital Ltd. et. al.

Brendan, we are working on this and should have something out to you at the end of this week. I apologize I've been tied up on some other matters including two new CCAA filings.

In the meantime, is the Monitor now in a position to clear the Professional fee accounts or is it waiting for a disbursement application?

Darren O'Keefe
Partner | Lawyer
O'Keefe & Sullivan
P: 709 699 3002

On Aug 21, 2025, at 3:29 PM, R. Brendan Bissell <bbissell@reconllp.com> wrote:

Darren: Following up on item (d) about BLCL in our emails, below. Please provide the facts and documents that your client has in mind in saying that the payment made last Fall should have been applied to the indebtedness of BLCL and not the operating companies.

The Monitor would like to review this issue sooner than later so that it is not outstanding when things will have otherwise progressed to the point where distribution can be made to creditors. The Monitor does not want to have creditor funds sitting around more than necessary.

Thanks, and regards,

R. Brendan Bissell
Partner
T |416.613.0066
C |416.992.4979
E |bbissell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

From: R. Brendan Bissell
Sent: Sunday, August 17, 2025 8:19 AM
To: 'Darren O'Keefe' <dokeefe@okeefesullivan.com>
Cc: Wayne Myles <wmyles@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Sharon Kour <skour@reconllp.com>; Alex Rice <alex@novascotiaspirits.com>
Subject: RE: Blue Lobster Capital Ltd. et. al. - Draft Order and Outstanding Invoices

Hi Darren: Thanks for your email. Comments or answers in red interlineated in your email below.

Regards,
Brendan

R. Brendan Bissell
Partner
T |416.613.0066
C |416.992.4979
E |bbissell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

From: Darren O'Keefe <dokeefe@okeefesullivan.com>
Sent: Thursday, August 14, 2025 12:00 PM
To: R. Brendan Bissell <bbissell@reconllp.com>
Cc: Wayne Myles <wmyles@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Sharon Kour <skour@reconllp.com>; Alex Rice <alex@novascotiaspirits.com>
Subject: RE: Blue Lobster Capital Ltd. et. al. - Draft Order and Outstanding Invoices

Brendan and Bobby:

Further to my email last night, please see the attached redacted invoice for July.

I understand that there are several post closing and waterfall issues that need to be addressed so we can advise the client on next steps. As the transactions have closed, and we are past the appeal period, we believe it would not be appropriate for you to share the waterfall on this file as follows:

1. Proceeds of the Transactions for each of (1) Spirits (2) Cider (3) Wine KSV will prepare this having regard to the transaction proceeds and the working capital on hand
2. Creditor claims for each of the above (when available); KSV can provide what it is aware of by entity at this point, but that is (for the most part) largely based on the companies' records and what Alex has advised, so this is all (of course) before a claims process
3. Allocation of Proceeds to each of the above. KSV will prepare this on an initial entity by entity basis, as well as review what other allocation methodology(ies) might be appropriate, including on a consolidated basis as among the operating companies

With respect to Blue Lobster Capital Ltd.

1. Total amount owing to RBC; KSV can provide what it is aware of at this point, along with any priority amounts known to be owing to CRA
2. Total amount claimed by CRA and how that will be allocated to the operating companies who we understand are primarily responsible for the CRA debt. Sorry, but we are not following this point – could you elaborate please?
3. We understand there is a 250,000.00 guarantee from Spirits to BLCL. Can you give some insight on how this guarantee is being treated. KSV does not expect that guarantee to be called upon at this point.
4. How do you see us advancing the 385k RBC allocation issue. Do we need to file the motion or do you intend to do so? Please provide the facts and documents that Alex is aware of, which KSV will then review along with seeking the same from RBC so that KSV can provide its views. If Alex does not accept those views at that point, he can bring a motion on the issue. If he does, then KSV will include this issue and a related request for relief to be bundled along with other issues at further hearing.

Regards,

Darren D. O'Keefe
Partner, Lawyer | O'Keefe & Sullivan
P 709 800 6536 | **C** 709 699 3002
E dokeefe@okeefesullivan.com

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From: R. Brendan Bissell <bbissell@reconllp.com>
Sent: August 11, 2025 3:30 PM
To: Darren O'Keefe <dokeefe@okeefesullivan.com>
Cc: Wayne Myles <wmyles@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>; Bobby

Kofman <bkofman@ksvadvisory.com>; Sharon Kour <skour@reconllp.com>
Subject: RE: Blue Lobster Capital Ltd. et. al. - Draft Order and Outstanding Invoices

Darren: Now that we are closed, we should return to the issue of payment of professional fees (including yours).

We need to sort out how the Monitor can properly review the fees while also respecting confidentiality. Please suggest what you propose on that?

Also, and on a related point, we have differing creditor and equity interests in this matter as between the operating companies and BLCL. That means that the professional fees, including from your firm, need to be allocated among the various operating companies throughout. While the Monitor needs to come to its own views, and the Court will ultimately have to approve how this is done, it may make sense to start the analysis of allocation of your firm's fees with how you see that being done. Please let us know?

Thanks, and regards,

R. Brendan Bissell
Partner
T |416.613.0066
C |416.992.4979
E |bbissell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

From: Darren O'Keefe <dokeefe@okeefesullivan.com>
Sent: Tuesday, August 5, 2025 10:58 AM
To: R. Brendan Bissell <bbissell@reconllp.com>
Cc: Wayne Myles <wmyles@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Sharon Kour <skour@reconllp.com>
Subject: Re: Blue Lobster Capital Ltd. et. al. - Draft Order and Outstanding Invoices

Thank you, Brendan, and I accept your comment that my email may not have been 100% correct and appreciate you clarifying this for me.

Darren O'Keefe
Partner | Lawyer
O'Keefe & Sullivan
P: 709 699 3002

> On Aug 5, 2025, at 12:25 PM, R. Brendan Bissell <bbissell@reconllp.com> wrote:
>
> Darren,

Your email is not correct. KSV asked the Company to pay all fees over time to manage liquidity until closing. KSV did not differentiate among professionals. Your fees, Recons fees and KSV's fees were to be handled similarly.

The Monitor is not taking a position on your invoices rendered to-date and if those have not been paid prior to closing, they will be from the closing proceeds. Without seeing invoices for the period subsequent to the date of the sale approval motion, the Monitor is unable to comment on them.

Regards,

R. Brendan Bissell
Partner
T |416.613.0066
C |416.992.4979
E |bbissell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
80 Richmond Street West, Suite 1700, Toronto, ON M5H 2A4

From: Darren O'Keefe <dokeefe@okeefesullivan.com>
Sent: Monday, August 4, 2025 1:04 PM
To: R. Brendan Bissell <bbissell@reconllp.com>
Cc: Wayne Myles <wmyles@okeefesullivan.com>; Essber Essber <eessber@okeefesullivan.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Sharon Kour <skour@reconllp.com>
Subject: RE: Blue Lobster Capital Ltd. et. al. - Draft Order and Outstanding Invoices

Brendan,

I have not spoken to my client since last week and will follow up on the draft Order today.

In the meantime, I am inquiring again about our firms invoices which are now past due.

These invoices have not been paid as the Monitor has instructed the Company not to pay any professional fee invoices so that it could preserve the cash in the Company pending closing. I have no formal confirmation from the Monitor that these invoices will be paid – either from the current cashflow or the proceeds of sale. I ask that the Monitor provide this written confirmation by close of business tomorrow, absent which we will bring an application to Court to seek directions on this matter.

Please advise.

Regards,

Darren D. O'Keefe
Partner, Lawyer | O'Keefe & Sullivan
P 709 800 6536 | **C** 709 699 3002
E dokeefe@okeefesullivan.com

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This is **Exhibit "F"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "F"

NS Spirit Co., Annapolis Cider, and Lost Bell
Waterfall Analysis - OpCo Transactions
$000s, unaudited

Receipts		
Lynch Proceeds	7,229	Per Statement of Adjustment
Coast Proceeds	641	Per Statement of Adjustment
Cash on hand - OpCos (Aug 11)	221	
Professional retainers	100	
Total receipts	8,191	
Disbursements		
Distribution to RBC (Aug 13)	(5,237)	Includes Stewart McKelvey and E&Y professional Fees
Post-filing AP	(447)	Includes $100k contingency for final HST remittances
BLCL Guarantee	(251)	Holdback
Other secured claims	(186)	
CRA priority claim (source deductions)	(111)	
Professional costs	(700)	Estimate to deal with post-closing matters/claims process; includes unpaid fees
Total available for distribution before addbacks	1,258	
Add back BLCL Guarantee*	251	
Estimated professional fee allocation to BLCL	400	
Total available for distribution	1,909	
Unsecured claims		
Pre-filing unsecured claims	1,004	Excludes arrears owing on Assumed Contracts
CRA	622	
Beck Flavours Litigation	486	Reflects the full balance owing to Beck; this may settle for less
ACOA	146	
Total unsecured claims	2,257	
Estimated distribution	85%	

*Assumes that the $251k guarantee is not called on
**Assumes that the BLCL RBC debt repayment of $378k last Fall is not reallocated

Blue Lobster Capital Limited
Proposed Waterfall Analysis - BLCL
$000s, unaudited

Receipts		
Transaction and other proceeds		
Sale of real properties	3,020	Based on midpoint of realtor appraisals
Cash on hand - Aug 20	50	
Total receipts	3,070	
Disbursements		
RBC Debt	(1,022)	Estimate as at August 25 (including interest to that date)
Estimated professional fee allocation to BLCL	(400)	Allocation of CCAA professional fees to BLCL to closing date (TBD)
Go forward professional fees	(200)	Estimated professional fees from closing date
Post-filing AP	(100)	$100k contingency - property-related and other expenses
Other secured claims	(91)	Tesla lease - paid in normal course (TBD - requires discussion with Alex)
Total available for distribution before addbacks	1,257	
Add back RBC debt reallocation to Opco's*	-	BLCL debt repayment of $378k allegedly applied against the RBC Opco debt
Add back BLCL Guarantee**	-	$251k cross guarantee on the RBC debt
Total available for distribution	1,257	
Unsecured claims		
CRA	240	
Pre-filing unsecured claims	23	
Total unsecured claims	263	
Estimated distribution	100%	
Surplus/(Deficit)	994	

*Assumes that the BLCL RBC debt repayment of $378k last Fall is not reallocated to the Operating Companies.
**Assumes that the $251k Operating Company guarantee is not called on.

This is **Exhibit "G"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "G"

Darren O'Keefe

From: Alex Rice <alex.k.rice@gmail.com>
Sent: October 9, 2025 12:03 PM
To: Megan Taylor
Cc: Essber Essber; Darren O'Keefe
Subject: Re: Blue Lobster Capital Ltd. et. al.

Good Morning,

I wanted to follow up on the items below in more detail after a discussion with Darren yesterday. Many of below relate to the total amount Blue Lobster Capital needs to satiate the process and I would love to have that number resolved so I can make some decisions on the best approach. All of the properties are listed for sale and the Monitor is handling but without resolution to some questions below the amount to redeem or end the process is a moving target it seems like a bit of a chicken and egg problem, how can we resolve this?

- **Professional Fees – overall magnitude, possible duplication, and how costs are allocated between BLCL and the OpCos.**

I feel that there are a number of ways to approach this; Asset based, Liability Based, Benefit Based and Hybrid?

I am under the impression Darren was proposing Liability based for O&S has the monitor provided any sights into their breakdown in the proposed waterfall?

I see the inclusion of Capital sheerly by virtue of the cross guarantee for 3M on the properties during the forbearance agreement. This was only accessible if there was a shortfall to the bank and offered in good faith on the plan of refinancing. As a result of the sale process the bank is being paid in full so that guarantee will fall away. It strikes me as odd that the monitor is allocating a significant percentage of overall costs to Capital based on the course that was taken to include Capital in the first place.

What is the recommendation on proceeding as it relates to costs for Capital. Maybe there is a creative discussion that can be had with the monitor and outline the details of the inclusion and situation?

600k proposed in the waterfall seems wildly inappropriate from any methodology other then an equal split which I dont think this situation warrants? What are your thoughts on how we proceed?

- **$251k Guarantee – inconsistent treatment between BLCL and OpCos.**

I am not familiar with the specific's on this security. I assumed it would have been covered in the monitor's 3rd party security review? Do we have access to this?

- **$378k BLCL Repayment (Fall 2024) – need clarity on how this was applied.**

This to me is very clear and I would like to see specific progress on this item. The amounts if swept should have been applied to Blue Lobster Capital amounts owing not 3284906 NS LTD.

1) I sold a condo in Charlottetown owned by Blue Lobster Capital, the proceeds after repaying the initial mortgage were applied to the Nova Scotia Spirit Co. (3284906 NS LTD) operating LOC. This was after I had requested through council to have it applied to Blue Lobster Capital mortgages which would have had the same overall debt reduction effect for the group.

2) I was repaid for a portion of a private loan that was used to purchase a fishing vessel with the intention of reselling the boat at a profit. In the end the boat was sold for a loss and I was repaid the proceeds $233,184.41 with a further note owing. The bank transferred $233k of the proceeds from the Capital bank account to the Nova Scotia Spirit Co. (3284906 NS LTD) operating LOC.

- Distribution Outcomes – disparity BLCL vs. OpCos; any risk of cross-entity reallocation.

- **Process/Disclosure – Monitor's filed reports spoke to per-entity distributions; no sweep language; draft waterfalls are preliminary.**

It would appear the monitor is looking to wrap-up the process with the 3 operating companies as a package? Is this O&S's interpretation? I feel the allocated purchase amounts for Cider and Wine are effectively not enough to cover the secured creditors let alone the unsecured? The waterfall reflects one package for the three companies.

- **Other Line Items – CRA balances, post-filing AP/HST contingencies, Tesla lease, retainers, RBC debt balances.**

-CRA Balance in the Management company that administers Payroll and Benefits for the operating companies but was not included in the CCAA needs to be addressed. I am not sure if this would be potentially handled during the claims process?

-CRA Balance in Capital is related to corporate tax and HST on unrecognized revenue, this was monies that were automatically billed for expenses and services to the operating companies but in an effort to reduce costs was not collected and since the accounting was on an accrual basis not a cash basis it appeared on the statements even though it wasnt collected. In the near term I would suggest I reach out to Deanna Frappier council for CRA and see if we can agree to a payment plan and the monies should be adjusted on the subsequent year end statements?

-Tesla payments I think can just continue in due course, I personally guaranteed the loan and no payments have been missed I think it just continues?

-Intercompany amounts owing? This is something the bank and monitor are familiar with but it has not been addressed. Some of these amounts should likely been shown as a creditor amount as opposed to intercompany?

Please let me know anything I may have missed and/or anything you need to move forward?

Thanks

Alex

On Mon, Sep 29, 2025 at 1:08 PM Megan Taylor <mtaylor@okeefesullivan.com> wrote:

Hi Alex,

Just to add, here is a high-level list of seemingly active issues that I understand you may wish to address with the Monitor before the waterfalls are finalized:

- Professional Fees – overall magnitude, possible duplication, and how costs are allocated between BLCL and the OpCos.
- $251k Guarantee – inconsistent treatment between BLCL and OpCos.
- $378k BLCL Repayment (Fall 2024) – need clarity on how this was applied.
- Distribution Outcomes – disparity BLCL vs. OpCos; any risk of cross-entity reallocation.
- Process/Disclosure – Monitor's filed reports spoke to per-entity distributions; no sweep language; draft waterfalls are preliminary.
- Other Line Items – CRA balances, post-filing AP/HST contingencies, Tesla lease, retainers, RBC debt balances.

It would be helpful to have you go through that via email or with Essber to identify any issues that should be added/struck and give substantiating details or materials that relate to each point of concern so that we can articulate them to the Monitor.

Megan

From: Essber Essber <eessber@okeefesullivan.com>
Sent: Monday, September 29, 2025 1:20 PM
To: alex.k.rice@gmail.com
Cc: Darren O'Keefe <dokeefe@okeefesullivan.com>; Wayne Myles <wmyles@okeefesullivan.com>; Megan Taylor <mtaylor@okeefesullivan.com>
Subject: Blue Lobster Capital Ltd. et. al.

Hi Alex,

I called you and left a voicemail, but I thought I would send and email as well. I am reaching out regarding the questions and concerns you have. We have the following list of questions/concerns from you:

1) I did attend the property and was driving a U-Haul trailer. I am still operating the restaurant that the unrelated Blue Lobster Hospitality company owns which Shannon agreed to so I am unclear how I wouldn't be allowed on the site? Further to this I spoke with Rodney that day (Shannon's husband) when asked about the U-Haul. I made it clear I was packing up furniture in a furnished apartment elsewhere in Stellarton hence the purpose of the U-Haul. The only item removed from the 230 Foord St. property was some cleaning materials from the restaurant (Which we still operate) and an Allen Key that I didn't have to take apart the furniture at the apartment which I returned.

2) I am also discussing the Porsche with the Purchaser as it was something that was to be transferred at Net Book Value between the companies as I had a significant debt owing from one company to the property company. We will have a conclusion on that item in the next day or two. I never spoke with the monitor with regards to that vehicle ever.

3) It would be nice to make strides on the Transfer of funds between companies as they relate to the Waterfall in the approximate amount of 370k, Brendan seemed to want to go to court on this but I thought we were sharing the materials with them in advance that Kristen provided. Do we need to file a motion on this issue? Are we missing anything as I thought Medag was working on something to do with this?

4) I would also like to understand the proposed fee structure in the 2 Waterfall's for allocation of costs to capital and value of overall wrap up costs which seem to appear in the Waterfalls as 900k between both companies but the proposed costs delivered in court by Bobby were 300k?

Are there any other concerns that you would like to discuss? I am happy to have a call if that works better for you. Please let me know.

All the best,

Essber

Essber Essber

Associate, Lawyer | O'Keefe & Sullivan

P (902) 913 4717 | **C** (902) 913 4719

E eessber@okeefesullivan.com

Suite 202, Purdy's Wharf II, 1969 Upper Water St., Halifax, NS, B3J 3R7

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This is **Exhibit "H"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "H"

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

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

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

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

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

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

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

(vi) all contractual rights and insurance claims;

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

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

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

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

2. INDEBTEDNESS SECURED

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

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

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

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

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

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

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

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

4. COVENANTS OF THE DEBTOR

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

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

(b) to notify RBC promptly of:

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

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

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

(iv) any loss or damage to Collateral,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. USE AND VERIFICATION OF COLLATERAL

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

6. SECURITIES, INVESTMENT PROPERTY

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

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

7. COLLECTION OF DEBTS

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

8. INCOME FROM AND INTEREST ON COLLATERAL

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

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

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

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

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

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

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

10. DISPOSITION OF MONEY

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

11. EVENTS OF DEFAULT

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

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

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

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

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

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

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

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

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

12. ACCELERATION

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

13. REMEDIES

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

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

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

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

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

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

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

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

14. MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. COPY OF AGREEMENT

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

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

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

INDIVIDUAL DEBTOR

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

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR			
3317427 NOVA SCOTIA LIMITED			
ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE
69 PROVOST STREET	NEW GLASGOW	NS	B2H 2P8

TRADE NAME (IF APPLICABLE)

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

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

3317427 NOVA SCOTIA LIMITED

WITNESS

K Alex R

Seal

WITNESS

Seal

BRANCH ADDRESS

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

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

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

   63 PROVOST STREET
   NEW GLASGOW
   NS CANADA
   B2H2P5

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

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

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

This is **Exhibit "I"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "I"

Royal Bank of Canada
Commercial Financial Services
91 Provost Street
New Glasgow, Nova Scotia B2H 2P5

Private and Confidential

August 10, 2021

Blue Lobster Capital Limited
63 Provost Street
New Glasgow, Nova Scotia
B2H 2P5

ROYAL BANK OF CANADA (the **"Bank"**) hereby confirms the credit facilities described below (the **"Credit Facilities"**) subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the **"Agreement"**). This Agreement amends and restates without novation the existing agreement dated January 18, 2021 and any amendments thereto between 3317427 Nova Scotia Limited (now known as Blue Lobster Capital Limited, by virtue of a name change) and the Bank. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or Event of Default.

BORROWER

Blue Lobster Capital Limited (the **"Borrower"**)

CREDIT FACILITIES

The aggregate of Facility #5 and Facility #6 shall not exceed $241,988.21 at any time.

Facility #1: $128,241.61 non-revolving term facility by way of:

a) Fixed Rate Term Loans **("FRT Loans")** Interest rate (per annum): 4.21%

Repayment

Payment Amount:	$1,329.00	Payment Frequency:	Monthly
Payment Type:	Blended	Payment date:	31st of each month
Repayable in full on:	May 31, 2022	Current remaining amortization (months)	118
Amount eligible for prepayment of FRT Loan: 0%			

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Facility #2: $128,993.70 non-revolving term facility by way of:

a) RBP based loans **("RBP Loans")** Interest rate (per annum) RBP + 1.25%

Repayment

Payment Amount:	$790.07	Payment Frequency:	Monthly
Payment Type:	Principal Plus Interest	Payment date:	28th of each month
Repayable in full on:	February 28, 2022	Current remaining amortization (months)	164

Facility #3: $83,401.37 non-revolving term facility by way of:

a) RBP Loans Interest rate (per annum) RBP + 1.25%

Repayment

Payment Amount:	$294.26	Payment Frequency:	Monthly
Payment Type:	Principal Plus Interest	Payment date:	28th of each month
Repayable in full on:	February 28, 2022	Current remaining amortization (months)	284

Facility #4: $695,569.67 non-revolving term facility by way of:

a) FRT Loans Interest rate (per annum): 2.23%

Repayment

Payment Amount:	$3,064.00	Payment Frequency:	Monthly
Payment Type:	Blended	Payment date:	1st of each month
Repayable in full on:	January 28, 2022	Current remaining amortization (months)	294
Amount eligible for prepayment of FRT Loan: 0%			

Facility #5: $241,988.21 non-revolving term facility by way of:

a) RBP Loans Interest rate (per annum) RBP + 1.75%

Repayment

Payment Amount:	$848.11	Payment Frequency:	Monthly
Payment Type:	Principal Plus Interest	Payment date:	28th of each month
Repayable in full on:	April 30, 2022	Current remaining amortization (months)	286

Facility #6: $241,988.21 non-revolving term facility by way of:

a) FRT Loans Fixed interest rate to be determined at time of Borrowing

Availability

The Borrower may borrow up to the amount of this term facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time without notice.

Proceeds of the initial Borrowing under this facility shall be utilized to repay in full all Borrowings under Facility #5 and Facility #5 is immediately cancelled.

Repayment

Payment Amount:	To be determined at drawdown	Payment Frequency:	Monthly
Payment Type:	Blended (payment amount subject to annual adjustments to ensure amortization), or Principal Plus Interest	Payment date:	30 days from drawdown
Repayable in full on:	The last day of a 125, 24, 36, 48 or 60 month term from drawdown as selected by the Borrower	Original Amortization (months):	286
Amount eligible for prepayment of FRT Loan: to be determined			

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

OTHER FACILITIES

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

a) Credit Card to a maximum amount of $35,000.00.

FEES:

Renewal Fee:

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

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank, including without limitation, any amounts outstanding under any Leases, if applicable (collectively, the **"Security"**), shall include:

a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;

b) Guarantee and postponement of claim on the Bank's form 812 in the amount of $1,332,000.00 signed by 3343533 Nova Scotia Limited, supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 3343533 Nova Scotia Limited;

c) Guarantee and postponement of claim on the Bank's form 812 in the amount of $1,332,000.00 signed by 3284906 Nova Scotia Limited, supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 3284906 Nova Scotia Limited;

d) Collateral mortgage in the amount of $133,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 18 Claremont Avenue, Stellarton, Nova Scotia (the **"Claremont Avenue Property"**);

e) Collateral mortgage in the amount of $140,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 14 Allan Avenue, Stellarton, Nova Scotia (the **"Allan Avenue Property"**);

f) Collateral mortgage in the amount of $345,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 252 Prince Street, Charlottetown, Prince Edward Island (the **"Prince Street Property"**);

g) Collateral mortgage in the amount of $880,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 2138 Brunswick Street, Halifax, Nova Scotia (the **"Brunswick Street Property"**);

h) Collateral mortgage in the amount of $200,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 61-63 Provost Street, New Glasgow, Nova Scotia (the **"Provost Street Property"**);

i) Assignment of rents signed by the Borrower constituting a first ranking assignment of all rents arising from the Provost Street Property;

j) Assignment of rents signed by the Borrower constituting a first ranking assignment of all rents arising from the Allan Avenue Property;

k) Assignment of rents signed by the Borrower constituting a first ranking assignment of all rents arising from the Claremont Avenue Property;

l) Assignment of rents signed by the Borrower constituting a first ranking assignment of all rents arising from the Brunswick Street Property;

m) Certificate of insurance evidencing fire and other perils coverage the Claremont Street Property, showing the Bank as first mortgagee;

n) Certificate of insurance evidencing fire and other perils coverage on the Brunswick Street Property, showing the Bank as first mortgagee;

o) Certificate of insurance evidencing fire and other perils coverage on the Provost Street Property, showing the Bank as first mortgagee;

p) Certificate of insurance evidencing fire and other perils coverage on the Prince Street Property, showing the Bank as first mortgagee;

q) Certificate of insurance evidencing fire and other perils coverage on the Allan Avenue Property, showing the Bank as first mortgagee.

FINANCIAL COVENANTS

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

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

a) maintain on a combined basis for the Borrower, to be measured as at the end of each fiscal year:

   i. Debt Service Coverage of not less than 1.25:1;

   ii. a ratio of Funded Debt to EBITDA of not greater than 4.00:1.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

a) annual Compliance Certificate, substantially in the form of Schedule "G" signed by an authorized signing officer of the Borrower, within 90 days of each fiscal year end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;

b) annual review engagement financial statements for the Borrower, 3284906 Nova Scotia Limited, 4318682 Nova Scotia Limited, and 3343533 Nova Scotia Limited, within 90 days of each fiscal year end;

c) annual confirmation that property taxes for all properties which have been effectively assigned to the Bank are paid and up to date, with confirmation of insurance, within 90 days of each year end;

d) biennial personal statement of affairs for all Guarantors, who are individuals, within 90 days of the end of every second fiscal year of the Borrower, commencing with the fiscal year ending in 2022;

e) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

a) a duly executed copy of this Agreement;

b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;

c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require;

d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

e) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

BUSINESS LOAN INSURANCE PLAN

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

GOVERNING LAW JURISDICTION

Province of Nova Scotia.

ACCEPTANCE

This Agreement is open for acceptance until September 10, 2021, after which date it will be null and void, unless extended by the Bank in its sole discretion.

ROYAL BANK OF CANADA

Per: 

Title: Vice President

RBC Contact: Leslie Otter

/kb

We acknowledge and accept the terms and conditions of this Agreement on this 15 day of June, 2023.

BLUE LOBSTER CAPITAL LIMITED

Per: K Alex Pi
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this _____ day of _____, 20_____.

3343533 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Guarantor.

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this _____ day of _____, 20_____.

3284906 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Guarantor.

\attachments:
Terms and Conditions
Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Additional Borrowing Conditions
- Borrowing Request
- Compliance Certificate
- RBC Covarity Dashboard Terms and Conditions

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

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

PREPAYMENT

Where Borrowings are by way of RBP Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

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

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

a) the greater of:

   (i) the amount equal to 3 months' interest payable on the amount of the FRT Loan Borrowings being prepaid, calculated at the interest rate applicable to the FRT Loan Borrowings on the date of prepayment; and

(ii) the present value of the cash flow associated with the difference between the Bank's original cost of funds for the FRT Loan and the current cost of funds for a loan with a term substantially similar to the remaining term of the FRT Loan and an amortization period substantially similar to the remaining amortization period of the FRT Loan, each as determined by the Bank on the date of such prepayment;

plus:

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

plus:

c) a processing fee.

The Prepayment Fee shall also be payable by the Borrower in the event that the Bank demands repayment of the outstanding principal of the FRT Loan on the occurrence of an Event of Default. The Borrower's obligation to pay the Prepayment Fee will be in addition to any other amounts then owing by the Borrower to the Bank, will form part of the loan amount and will be secured by the Security described herein.

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

EVIDENCE OF INDEBTEDNESS

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

GENERAL COVENANTS

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

a) will pay all sums of money when due under the terms of this Agreement;

b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security or an Event of Default;

c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;

d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure or composition and will not make or facilitate any such changes without the prior written consent of the Bank;

e) will comply with all Applicable Laws, including, without limitation, all Environmental and Health and Safety Laws;

f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;

g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;

h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;

i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;

j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;

k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;

l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;

m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of combination with any other Person;

n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and;

o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

FEES, COSTS AND EXPENSES

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

GENERAL INDEMNITY

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

AMENDMENTS AND WAIVERS

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

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

SEVERABILITY

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

GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and

acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

SET-OFF

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

NOTICES

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

CONSENT OF DISCLOSURE

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

NON-MERGER

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

JOINT AND SEVERAL

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

COUNTERPART EXECUTION

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

ELECTRONIC MAIL AND FAX TRANSMISSION

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

ELECTRONIC IMAGING

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

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

a) if applicable, it is duly constituted, validly existing and duly registered or qualified to carry on business or its operations in all jurisdictions where the nature of its properties, assets, business or operations make such registration or qualification necessary or desirable;

b) the execution, delivery and performance by it of this Agreement do not violate any Applicable Laws or agreements to which it is subject or by which it is bound, and where applicable, have been duly authorized by all necessary actions and do not violate its constating documents;

c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security or any other agreement delivered to the Bank or an Event of Default;

d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental and Health and Safety Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and

e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing and/or the entering into each Lease, if applicable, hereunder.

LANGUAGE

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

WHOLE AGREEMENT

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

EXCHANGE RATE FLUCTUATIONS

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

JUDGEMENT CURRENCY

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the **"Judgement Currency"**) any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

EVENTS OF DEFAULT

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

a) failure of the Borrower to pay any principal, interest or other amount when due pursuant to this Agreement;

b) failure of the Borrower, or any Guarantor if applicable, to observe any covenant, term or condition contained in this Agreement, the Security, or any other agreement delivered to the Bank or in any documentation relating hereto or thereto;

c) the Borrower, or any Guarantor if applicable, is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;

d) if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower, or any Guarantor if applicable, or to have the Borrower, or any Guarantor if applicable, declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower, or any Guarantor if applicable, or if any encumbrancer takes possession of any part thereof;

e) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership or operation of the Borrower, or any Guarantor if applicable;

f) if any representation or warranty made by the Borrower, or any Guarantor if applicable, under this Agreement or in any other document relating hereto or under any Security shall be false in any material respect; or

g) if the Borrower, or any Guarantor if applicable, defaults in the payment of any other indebtedness, whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated.

Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility.

INCREASED COSTS

If any change in Applicable Laws or the interpretation thereof after the date hereof (i) imposes or increases taxes on payments due to the Bank hereunder (other than taxes on the overall net income of the Bank), (ii) imposes or increases any reserve or other similar requirement or (iii) imposes or changes any other condition affecting the Credit Facilities, and the result of any of the foregoing results in any additional cost to the Bank of making available, continuing or maintaining any of the Credit Facilities hereunder (or maintaining any obligations to make any such Credit Facilities available hereunder) or results in any reduction in the amount of any sum received or receivable by the Bank in connection with this Agreement or the Credit Facilities made available hereunder, then from time to time, upon written request of the Bank, the Borrower shall promptly pay to the Bank, such additional amount or amounts as will compensate the Bank for any such additional costs incurred or reduction suffered.

CONFIDENTIALITY

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

Schedule "A"

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Maturity Date" means the date on which a facility is due and payable in full;

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

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

b) Security granted in favour of the Bank;

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

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

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

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

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

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

Schedule "B"

CALCULATION AND PAYMENT OF INTEREST AND FEES

LIMIT ON INTEREST
The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law. In no event shall the effective interest rate payable by the Borrower under any facility be less than zero.

OVERDUE PAYMENTS
Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum or the highest premium indicated for any of the Borrower's facilities when in excess of 5%. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

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

TIME AND PLACE OF PAYMENT
Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

RBP LOANS
The Borrower shall pay interest on each RBP Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

FRT LOANS
The Borrower shall pay interest on each loan in arrears at the applicable rate on such date as agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.

Schedule "D"

ADDITIONAL BORROWING CONDITIONS

FRT Loans:

Borrowings made by way of FRT Loans will be subject to the following terms and conditions:

a) each FRT Loan shall have a minimum term of 1 year;

b) the Borrower shall select an amount eligible for prepayment of 10% or 0% for each new FRT Loan prior to the advance of such FRT Loan;

c) each FRT Loan shall be in an amount not less than $10,000.00 in Canadian currency or US currency; and

d) each FRT Loan shall have a term as outlined in the applicable repayment section of each corresponding credit facility, provided that the maturity date of any FRT Loan issued under any term facility shall not extend beyond the Maturity Date of the term facility.

Schedule "E"

BORROWING REQUEST

The Borrower hereby requests the following be established under Facility #_____:

Date of Borrowing			
Amount of Borrowing:	$		
Amortization (in months):			
Selected Term: (Borrowing repayable in full on the last day of the Term)			
Payment Amount:	$		
Payment Frequency:	weekly ☐	bi-weekly ☐	
	semi-monthly ☐	monthly ☐	
	quarterly ☐	semi-annual ☐	annual ☐
Selected Interest Rate (per annum):	% ☐	RBP + % ☐	
Selected Payment Type:	Blended Principal and Interest ☐ If variable interest rate selected with blended payments, the payment amount is subject to annual adjustment to ensure amortization	Principal Plus Interest ☐	
First Payment Due Date:			
Amount Eligible for Prepayment of FRT Loan:	0% ☐	10% ☐	

Dated this _____ day of _____, 20_____.

BLUE LOBSTER CAPITAL LIMITED

Per: _____
Name:
Title:
Per: _____
Name:
Title:
I/We have the authority to bind the Borrower

SRF# 552638793

Schedule "G"

COMPLIANCE CERTIFICATE

I, _____, representing the Borrower hereby certify as of last day of fiscal year ending _____:

1. I am familiar with and have examined the provisions of the Agreement dated August 10, 2021 and any amendments thereto, between Blue Lobster Capital Limited, as Borrower, and Royal Bank of Canada as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of this Agreement or an Event of Default and there is no reason to believe that during the next fiscal year of the Borrower, any such event or circumstance will occur.
4. The ratio of Debt Service Coverage is _____:1, being not less than the minimum required ratio of 1.25:1.
5. The ratio of Funded Debt to EBITDA is _____:1, being not greater than the maximum permitted ratio of 4.00:1.
6. The detailed calculations of the foregoing ratios and covenants is set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this _____ day of _____, 20___.

Per: _____

Name:_____

Title: _____

Per: _____

Name:_____

Title: _____

Schedule "H"

RBC COVARITY DASHBOARD TERMS AND CONDITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Virus**" means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse.

Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11. Termination. The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

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

This is **Exhibit "J"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "J"

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

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

BETWEEN:

3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

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

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

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

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

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

Dollars ($ 133,000.00 ") (the "Principal Sum"), together with interest from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

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

(a) Fixed Interest Rate

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

(b) Prime Rate

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

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

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

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

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

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

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

2.0 RECITALS

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

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

3.0 CHARGE

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

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

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

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

4.0 COVENANTS

4.1 The Mortgagor covenants with the Mortgagee that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.0 APPLICATION OF PAYMENTS

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

6.0 ACTS OF DEFAULT

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

7.0 PRIOR ENCUMBRANCES

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

8.0 JUDGMENT

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

9.0 FIXTURES

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

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

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

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

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

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

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

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

11.0 CHANGE OF CORPORATE CONTROL

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

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

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

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

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

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

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

12.0 RECEIVERSHIP

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the receiver's remuneration aforesaid;

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

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

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

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

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

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

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

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

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

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

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

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

all interest thereon, and any other monies secured hereunder;

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

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

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

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

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

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

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

15.0 EXTENSIONS

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

16.0 GUARANTEE OF MORTGAGE

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

(a) Each Guarantor hereby:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17.0 CONDOMINIUMS

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

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

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

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

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

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

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

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

18.0 DISTRESS

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

19.0 RIGHTS ON DEFAULT

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

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

20.0 OBLIGATIONS SURVIVE SALE

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

21.0 NEW HOME WARRANTY PLAN ACT

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

22.0 PARTIAL RELEASE

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

23.0 RELEASE

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

24.0 LIENS AND CONSTRUCTION

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

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

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

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

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

27.0 MORTGAGEE'S EXPENSES

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

28.0 OTHER SECURITY

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

29.0 HEADINGS

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

30.0 INTERPRETATION

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

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

31.0 RECEIPT OF TRUE COPY

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

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

SIGNED, SEALED AND DELIVERED
in the presence of

Witness:
Christene Hirschfeld

3317427 NOVA SCOTIA LIMITED

Per: Alex Rice, President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

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

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

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

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

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

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

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

A Barrister of the Supreme Court of Nova Scotia

Christene Hirschfeld

K Alex Rice

Alex K. Rice

PL# 146238.011/9417305

PARCEL DESCRIPTION REPORT

2020-01-22 15:46:28

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

SCHEDULE A

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

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

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

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

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

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

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

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

External Comments:

Description Change Details:

Reason:

Author of New or Changed Description:

Name:

Registered Instruments:

Comments:

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

This Collateral Mortgage made this 4th day of June, 2017.

BETWEEN:

3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

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

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

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

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

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

(f) "Interest Rate" means:

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

(a) Fixed Interest Rate

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

(b) Prime Rate

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

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

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

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

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

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

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

2.0 RECITALS

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

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

3.0 CHARGE

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

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

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

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

4.0 COVENANTS

4.1 The Mortgagor covenants with the Mortgagee that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.0 APPLICATION OF PAYMENTS

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

6.0 ACTS OF DEFAULT

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

7.0 PRIOR ENCUMBRANCES

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

8.0 JUDGMENT

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

9.0 FIXTURES

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

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

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

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

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

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

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

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

11.0 CHANGE OF CORPORATE CONTROL

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

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

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

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

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

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

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

12.0 RECEIVERSHIP

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the receiver's remuneration aforesaid;

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

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

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

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

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

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

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

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

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

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

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

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

all interest thereon, and any other monies secured hereunder;

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

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

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

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

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

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

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

15.0 EXTENSIONS

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

16.0 GUARANTEE OF MORTGAGE

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

(a) Each Guarantor hereby:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17.0 CONDOMINIUMS

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

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

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

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

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

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

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

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

~~18.0 DISTRESS~~

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

19.0 RIGHTS ON DEFAULT

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

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

20.0 OBLIGATIONS SURVIVE SALE

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

21.0 NEW HOME WARRANTY PLAN ACT

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

22.0 PARTIAL RELEASE

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

23.0 RELEASE

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

24.0 LIENS AND CONSTRUCTION

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

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

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

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

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

27.0 MORTGAGEE'S EXPENSES

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

28.0 OTHER SECURITY

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

29.0 HEADINGS

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

30.0 INTERPRETATION

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

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

31.0 RECEIPT OF TRUE COPY

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

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

SIGNED, SEALED AND DELIVERED
In the presence of

3317427 NOVA SCOTIA LIMITED

Per: Alex Rice, President

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

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

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

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

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

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

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

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

SWORN TO at Dartmouth, in the Halifax Regional Municipality, Province of Nova Scotia, on this 23 day of May, 2019, before me:

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

K Alex Rice

Alex K. Rice

PL# 146238.010/8681717

PARCEL DESCRIPTION REPORT **Schedule "A"**

2019-06-13 17:17:58

PID:	951459
CURRENT STATUS:	ACTIVE
EFFECTIVE DATE/TIME:	2004-12-31 15:17:30

Consolidated description of lands owned by Niki Management Services Limited, George and Provost Streets, New Glasgow, Nova Scotia. (PIDs 951442 & 951459)

ALL THAT PARCEL of land, situate at George and Provost Streets, New Glasgow, in the County of Pictou, Province of Nova Scotia, more fully described as follows;

BEGINNING at the point of intersection of the southern boundary of George Street and the western boundary of Provost Street;

THENCE South fourteen (14) degrees, thirty-three (33) minutes, zero two (02) seconds West, along the said western boundary of Provost Street, sixty-nine decimal three (69.3) feet to the point of intersection with the northern boundary of lands owned by Marshalls Hair Care Ltd. (Bk. 1346, Pg. 336);

THENCE North seventy-six (76) degrees, seventeen (17) minutes, fifty-eight (58) seconds West, along the said northern boundary of Marshalls Hair Care Ltd., fifty-six (56) feet to the point of intersection with an eastern boundary of lands owned by Cape Breton & Central Nova Scotia Railway Limited;

THENCE North fourteen (14) degrees, thirty-three (33) minutes, zero two (02) seconds East, along the said eastern boundary of Cape Breton and Central Nova Scotia Railway Limited, sixty-eight decimal eight five (68.85) feet to the point of intersection with the aforesaid southern boundary of George Street;

THENCE South seventy-six (76) degrees, forty-five (45) minutes, thirty-five (35) seconds East, along the said southern boundary of George Street, fifty-six decimal zero one (56.01) feet to the place of Beginning.

Containing three thousand eight hundred sixty-eight (3,868) square feet.

All bearings are referenced to (NAD-27) Grid North.

The above described lot intended to be a consolidation of the two (2) lots of land formerly conveyed from The Toronto Dominion Bank to Niki Management Services Limited by deed dated on the 26th day of July, 1994 and registered at the Office of the Registrar of Deeds, Pictou, N.S. on the 3rd day of August, 1994 in Book 1153 at Page 787.

External Comments:

Description Change Details:

Reason:

Author of New or Changed Description:

Name:

Registered Instruments:

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

This Collateral Mortgage made this 4 day of Feb, 2010.

BETWEEN:

3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

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

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

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

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

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by the Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreement or dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of One Hundred Forty Thousand Dollars ($ 140,000.00 *) (the "Principal Sum"), together with interest from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

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

(a) Fixed Interest Rate

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

(b) Prime Rate

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

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

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

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

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

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

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

2.0 RECITALS

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

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

3.0 CHARGE

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

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

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

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

4.0 COVENANTS

4.1 The Mortgagor covenants with the Mortgagee that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.0 APPLICATION OF PAYMENTS

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

6.0 ACTS OF DEFAULT

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

7.0 PRIOR ENCUMBRANCES

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

8.0 JUDGMENT

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

9.0 FIXTURES

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

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

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

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

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

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

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

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

11.0 CHANGE OF CORPORATE CONTROL

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

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

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

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

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

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

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

12.0 RECEIVERSHIP

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the receiver's remuneration aforesaid;

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

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

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

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

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

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

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

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

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

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

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

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

all interest thereon, and any other monies secured hereunder;

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

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

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

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

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

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

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

15.0 EXTENSIONS

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

16.0 GUARANTEE OF MORTGAGE

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

(a) Each Guarantor hereby:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17.0 CONDOMINIUMS

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

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

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

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

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

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

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

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

18.0 DISTRESS

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

19.0 RIGHTS ON DEFAULT

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

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

20.0 OBLIGATIONS SURVIVE SALE

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

21.0 NEW HOME WARRANTY PLAN ACT

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

22.0 PARTIAL RELEASE

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

23.0 RELEASE

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

24.0 LIENS AND CONSTRUCTION

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

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

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

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

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

27.0 MORTGAGEE'S EXPENSES

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

28.0 OTHER SECURITY

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

29.0 HEADINGS

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

30.0 INTERPRETATION

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

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

31.0 RECEIPT OF TRUE COPY

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

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

SIGNED, SEALED AND DELIVERED
in the presence of

Witness:

Christena Hirschfeld

• 3317427 NOVA SCOTIA LIMITED

Per: Alex Rice, President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

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

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

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

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

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

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

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

A Barrister of the Supreme Court of Nova Scotia
Christene Hirschfeld, Q.C.

K Alex Rice
Alex K. Rice

PL# 146238.011/9417305

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

This Collateral Mortgage made this 28th day of January, 2021.

BETWEEN:

3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

AND

Royal Bank of Canada

OF THE SECOND PART

AND

OF THE THIRD PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

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

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

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

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

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by the Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreementor dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of Eight Hundred Eighty Thousand Dollars ($ 880,000.00) (the "Principal Sum"), together with interest, from the date of demand at the interest Rate set out below;

(f) "Interest Rate" means:

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

(a) Fixed Interest Rate

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

(b) Prime Rate

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

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

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

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

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

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

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

2.0 **RECITALS**

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

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

3.0 **CHARGE**

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

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

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

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

4.0 **COVENANTS**

4.1 The Mortgagor covenants with the Mortgagee that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.0 APPLICATION OF PAYMENTS

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

6.0 ACTS OF DEFAULT

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

7.0 PRIOR ENCUMBRANCES

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

8.0 JUDGMENT

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

9.0 FIXTURES

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

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

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

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

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

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

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

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

11.0 CHANGE OF CORPORATE CONTROL

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

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

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

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

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

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

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

12.0 RECEIVERSHIP

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the receiver's remuneration aforesaid;

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

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

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

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

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

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

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

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

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

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

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

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

all interest thereon, and any other monies secured hereunder;

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

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

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

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

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

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

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

15.0 EXTENSIONS

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

16.0 GUARANTEE OF MORTGAGE

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

(a) Each Guarantor hereby:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17.0 CONDOMINIUMS

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

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

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

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

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

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

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

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

18.0 DISTRESS

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

19.0 RIGHTS ON DEFAULT

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

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

20.0 OBLIGATIONS SURVIVE SALE

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

21.0 NEW HOME WARRANTY PLAN ACT

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

22.0 PARTIAL RELEASE

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

23.0 RELEASE

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

24.0 LIENS AND CONSTRUCTION

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

25.0 SEVERABILITY OF ANY INVALID PROVISIONS

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

26.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

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

27.0 MORTGAGEE'S EXPENSES

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

28.0 OTHER SECURITY

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

29.0 HEADINGS

29.1 The headings of sections herein are inserted for convenience or reference only and shall not affect the construction or interpretation of this Mortgage.

30.0 INTERPRETATION

30.1 AND it is hereby agreed that where the context requires, words in the singular include the plural, and words importing the masculine gender include the feminine and neuter genders. All covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor shall be joint and several, and shall be binding upon the heirs, executors, administrators, successors and assigns of the Mortgagor, as the case may be.

30.2 This Mortgage is made in pursuance of any applicable enactments respecting short forms of indentures.

31.0 RECEIPT OF TRUE COPY

31.1 The Mortgagor (and the Guarantor, if applicable) acknowledges receipt of a copy of this Mortgage.

IN WITNESS WHEREOF the Mortgagor (and the Guarantor, if applicable) has properly executed this Mortgage the day and year first above written.

Sworn to by videoconference
from New Glasgow, NS (location of affiant)
to Queensland, NS (location of lawyer taking oath)
this 28 day of January, 2021

Christene H. Hirschfeld, Q.C.

3317427 NOVA SCOTIA LIMITED

Per: Alex Rice, President

CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY

I, Alex K. Rice, of North Vancouver, Province of British Columbia, make oath and say as follows:

1. THAT I am the President of 3317427 Nova Scotia Limited (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;

2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3. THAT the undersigned acknowledges that the foregoing instrument was executed on the date of this Affidavit; this acknowledgment is made for the purpose of registering such instrument pursuant to s. 31(a) of the *Registry Act*, R.S.N.S. 1989, c. 392 or s.79(1)(a) of the *Land Registration Act* as the case may be;

4. THAT the ownership of a share or an interest in a share of the Company does not entitle the owner thereof to the occupation of the lands pursuant to the *Matrimonial Property Act*;

5. THAT the Company has given authorization that this instrument can be signed without the corporate seal and it is to have effect as if said seal was embossed over the signature;

Sworn to by videoconference from New Glasgow, NS *(location of affiant) to* Queensland, NS *(location of lawyer taking oath) this* 28 *day of January, 2021*

Christene H. Hirschfeld, Q.C.
A Barrister of the Supreme Court of
Nova Scotia

Alex K. Rice

PL# 146238.014/10472364

PARCEL DESCRIPTION REPORT SCHEDULE "A"

2021-02-24 14:47:22

PID: 149807
CURRENT STATUS: ACTIVE
EFFECTIVE DATE/TIME: 2007-02-19 10:54:47

Place Name: 2138 BRUNSWICK STREET HALIFAX
Municipality/County: HALIFAX REGIONAL MUNICIPALITY/HALIFAX COUNTY
Designation of Parcel on Plan: LOT 3
Title of Plan: PLAN OF SURVEY OF LOT DZ1,LOT 1B-1A,LOT 2&LOT 3 S/D OF LOT DZ LANDS CONVEYED TO 3075228 NOVA SCOTIA LTD LOT 1B-1 LANDS CONVEYED TO JAMES K.&MIA NISHI RANKIN LANDS CONVEYED TO JEFF&DOROTHEE ROSEN &LANDS CONVEYED TO DEBORAH L. PATTERSON&STEPHEN A.CURRY
Registration County: HALIFAX COUNTY
Registration Number of Plan: 87099876
Registration Date of Plan: 2007-01-25 10:22:47

BENEFIT:
TOGETHER WITH the free and uninterrupted use, liberty and privilege of a right-of-way of passage six (6) feet in breadth extending southerly from the southeast corner of the lands hereinbefore described and running westerly a distance of eighty (80) feet, together with free ingress, egress and regress to and for the said Grantee, her heirs and assigns, and her and their tenants, under-tenants, agents, servants and workmen, at all times and seasons forever thereafter, into, along, upon and out of the said right-of-way of passage in common with it, the Church of the Redeemer, its successors and assigns, and its and their tenants, under-tenants, agents, servants, and workmen; to have and to hold all and singular the privileges aforesaid to her, the said Grantee, her heirs and assigns, to her and their own proper use and behoof in common with it, the said Grantor, its successors and assigns, forever.

BURDENS:
1. SUBJECT TO an Easement in favour of civic number 2140 Brunswick Street (bearing in the year 2006), described more particularly in document 24025 recorded in book 3323 at page 868.
2. SUBJECT ALSO TO the covenants associated with the designation and registration as a Provincial Heritage Property, notice of which is recorded in book 5924 at page 340. 3. 3. SUBJECT ALSO to Notice of Recommendation to Register as a Municipal Heritage Property recorded as document 84419614.
4. SUBJECT ALSO to the terms and conditions contained in the Halifax Regional Municipality Land Use By-Law as detailed in Book 6238 at Page 888.
5. SUBJECT ALSO to the Restrictive Covenants relating to Building Height as detailed in the Deed in Book 7451 at Page 537.
6. SUBJECT ALSO to the terms and conditions contained in the Municipal Development Plan Amendment as detailed in Book 6238 at Page 881.

External Comments:

Description Change Details:

Reason:
Author of New or Changed Description:

Name:

Registered Instruments:

2889

[Collateral Mortgage – Newfoundland, Nova Scotia and Prince Edward Island]

This Collateral Mortgage made this _____ day of April, 2020

BETWEEN:

3317427 NOVA SCOTIA LIMITED

OF THE FIRST PART

RECEIVED
MAY 01 2020
10:36:06 am

AND

ROYAL BANK OF CANADA

OF THE SECOND PART

1.0 DEFINITIONS

In this Collateral Mortgage, unless the context otherwise requires:

(a) "Condominium Corporation" means the condominium corporation of which the Mortgagor is a member by virtue of ownership of the Mortgaged Premises;

(b) "Condominium Unit(s)" means the condominium unit(s) and common interests appurtenant thereto described in Schedule "A" annexed hereto;

(c) "Customer" means 3317427 Nova Scotia Limited who is a customer of the Mortgagee. If more than one person is named as a Customer, the term "Customer" means all and any one or more of them and the liabilities of the Customer (as hereinafter defined) means the liabilities of all or any one or more of them to the Mortgagee;

(d) "Guarantor" means the party or parties of the third part who has executed this Mortgage to guarantee the obligations of the Mortgagor pursuant to the provisions of Section 16 of this Mortgage;

(e) "Indebtedness" means all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Customer to the Mortgagee or remaining unpaid by the Customer to the Mortgagee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Mortgagee and the Customer or from any agreement or dealings with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside Canada and whether the Customer be bound alone or with another or others, and whether as principal or surety, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, but it being agreed that this Mortgage at any one time will secure only that portion of the obligations, debts and liabilities outstanding at such time which does not exceed the sum of Three Hundred Forty-Five Thousand* Dollars ($ 345,000.00*) (the "Principal Sum"), together with interest from the date of demand at the Interest Rate set out below;

(f) "Interest Rate" means:

Interest at a rate equal to the Mortgagee's Prime Interest Rate per annum in effect from time to time plus Five per centum (5.00 %) per annum calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Sum. For the purpose hereof, the Prime Interest Rate is the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Mortgagee's Prime Interest Rate applicable at any time, or times, it is agreed that the certificate in writing of the Mortgagee setting forth the Mortgagee's Prime Interest Rate as at any time, or times, shall be conclusive evidence as to the Mortgagee's Prime Interest Rate as in the certificate set forth;

(g) "Loan" means any loan, facility or arrangement creating the Indebtedness;

(h) "Loan Document" means any agreement or instrument evidencing the Indebtedness;

(i) "Mortgagee" means _____;

(j) "Mortgaged Premises" means the lands described in Schedule "A"

annexed hereto, together with all easements, rights of way, tenements, hereditaments, rights, privileges and appurtenances now or hereafter belonging or appertaining to these lands, and together with, if applicable, all buildings, erections, structures and appurtenances, fixed or otherwise, now or hereafter put on these lands and includes a Condominium Unit(s), if applicable;

(k) "Mortgagor" means the party or parties of the first part.

2.0 **RECITALS**

2.1 The Mortgagee has requested from the Mortgagor security for the due payment of the Indebtedness.

2.2 The Mortgagor has agreed to execute this Mortgage for the purpose of securing to the Mortgagee payment of the Indebtedness.

3.0 **CHARGE**

3.1 In consideration of the sum of $1.00, the Mortgagor assigns, conveys and mortgages, as beneficial owner by way of a first fixed and specific charge to the Mortgagee the Mortgaged Premises TO HOLD the Mortgaged Premises unto the Mortgagee:

(a) as to leasehold lands, for all the residue yet to come and unexpired of the term granted by the lease of the same except the last day thereof which is excepted out of the Mortgaged Premises but in respect of which the Mortgagor shall stand possessed in trust for the Mortgagee for the purpose of this Mortgage; and

(b) as to freehold lands, forever;

as security for payment of the Indebtedness.

3.2 Provided that this Mortgage shall be void upon the Mortgagor paying upon demand to the Mortgagee the Principal Sum and all other amounts payable by the Mortgagor hereunder and upon the due performance of all covenants and conditions herein contained and on the part of the Mortgagor to be observed and performed, but shall otherwise remain in full force and effect.

4.0 **COVENANTS**

4.1 The Mortgagor covenants with the Mortgagee that:

(a) The Mortgagor will pay upon demand that portion of the Principal Sum then outstanding, together with interest thereon from the date of demand at the Interest Rate, and on default the Mortgagee may enter and have quiet enjoyment of the Mortgaged Premises;

(b) (i) The Mortgagor will pay all taxes, rates and assessments and show receipts on demand, or at the option of the Mortgagee, pay to the Mortgagee one-twelfth of the yearly taxes as estimated by the Mortgagee on the first day of each and every month during the term or continuance of this Mortgage and the Mortgagee shall apply such payments on account of the taxes so long as the Mortgagor shall not default under any covenant or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of the taxes more often than yearly; or prior to discount or interest dates; provided however that if the Mortgagor shall pay any sum or sums to the Mortgagee to apply on account of the taxes and if before the same shall have been so applied there shall be default by the Mortgagor in respect of any payment of the Indebtedness, the Mortgagee may at its option apply such sum or sums in or towards payment of the principal and/or interest in default; and in the event that the taxes actually levied for any one year together with any interest and penalties thereon exceed the estimated amount, the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency; and if the Mortgagor desires to take advantage of any discounts or avoid any penalty in connection with the payment of the taxes, the Mortgagor shall pay to the Mortgagee such additional amounts as are required and shall direct the Mortgagee to make such payments for that purpose; and the Mortgagor shall transmit to the Mortgagee forthwith after receiving them, tax bills and other notices affecting the imposition of taxes upon the Mortgaged Premises;

(ii) The Mortgagee shall allow the Mortgagor interest, at the rate prescribed by the Mortgagee on the minimum monthly balance outstanding in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less than once each year; and the Mortgagor shall be charged interest at the Interest Rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee until such debit balance is fully repaid.

(c) The Mortgagor has a good freehold/leasehold title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed, that the Mortgaged Premises are free from encumbrances, and that the Mortgagor will procure such further assurances as may reasonably be required.

(d) (i) The Mortgagor will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Mortgaged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Mortgaged Premises or the use thereof, in a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Mortgagee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee, and the Mortgagor will forthwith assign, transfer and deliver over unto the Mortgagee the policy or policies of insurance and receipts thereto appertaining; and if the Mortgagor shall neglect to

keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least fifteen days before the termination of any

insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Mortgagee shall pay any premiums or sums of money for insurance for the buildings on the Mortgaged Premises or any part thereof the amount of such payment shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Mortgagor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this Mortgage shall be sufficient authority for the said insurance company to pay any such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Mortgaged Premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part, in payment of this Mortgage debt or any part thereof whether due or not then due.

(ii) If the Mortgaged Premises are comprised of one or more Condominium Units, the insurance provisions set out in subparagraph (i) above will not apply and the following will apply to this Mortgage:

The Mortgagor or the Condominium Corporation or both of them will forthwith insure and during the term or continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee might require to the full extent of their replacement cost in lawful money of Canada, the Condominium Unit(s), both during erection and thereafter and all fixtures as herein defined or referred to and all other risks, hazards and perils of any nature or kind which the Mortgagee might require depending on the nature of the Condominium Unit(s) or the use thereof, in a company or companies approved by the Mortgagee; and the Mortgagor or the Condominium Corporation, or both of them, will forthwith provide to the Mortgagee certificates of insurance and such other evidence of insurance as the Mortgagee may require, and if the Mortgagor or Condominium Corporation, or both of them, shall neglect to keep the Condominium Unit(s) insured as aforesaid, or to deliver such certificates or evidence of insurance to the Mortgagee at least fifteen days before the termination of any insurance evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obligated to insure the Condominium Unit(s); and the Mortgagor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies of insurance and, without limiting the generality of the obligation of the Mortgagor to observe and perform all the duties and obligations imposed on the Mortgagor by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, shall comply with the insurance provisions of the Declaration; and the Mortgagor as a member of

the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(e) The Mortgagor will keep the Mortgaged Premises in good condition and repair according to the nature and description thereof and if the Mortgaged Premises are not kept in good condition and repair or any act of waste is committed thereon by the Mortgagor or any person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor defaults the Mortgagee may enter and complete, repair or manage the Mortgaged Premises and recover all reasonable costs with interest at the Interest Rate as part of this Mortgage.

(f) The Mortgagor will not make or permit to be made any demolition, alterations or additions to the Mortgaged Premises without the consent of the Mortgagee, and will not use the Mortgaged Premises or permit them to be used without the consent of the Mortgagee for a purpose other than disclosed to the Mortgagee in the application for this Mortgage.

(g) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Mortgaged Premises to inspect the Mortgaged Premises, and the reasonable costs of such inspection shall be added to the indebtedness secured by this Mortgage.

(h) The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Mortgaged Premises or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at the Mortgagor's own expense make any and all improvements thereon or alterations to the Mortgaged Premises, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

(i) In the event of default being made under any of the terms of this Mortgage, the Mortgagee shall be entitled to send an inspector or agent to inspect and report upon the value, state, and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the Mortgaged Premises at the Mortgagor's expense, and all expenses incurred in so doing, together with all costs and charges (including solicitor and client costs) which the Mortgagee may incur or pay in collecting or attempting to collect the Principal Sum and any other monies secured hereunder, or in enforcing or attempting to enforce any of the remedies and powers herein contained for the recovery of the Principal Sum and any other monies secured hereunder, whether the proceedings taken prove abortive or not, and in recovering or attempting to procure possession of and keeping possession of the Mortgaged Premises or any part thereof, shall form and be a charge upon the Mortgaged Premises, and shall be payable forthwith to the Mortgagee by the Mortgagor, and shall bear interest at the Interest Rate computed from the time of payment.

(j) In the event of the Mortgagor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Mortgaged Premises to a purchaser, grantee or transferee not approved by the Mortgagee, then at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(k) The Mortgagor will not, without the prior written consent of the Mortgagee, give any further mortgage or charge of the Mortgaged Premises while this Mortgage is still outstanding and undischarged and if the

Mortgagor should mortgage or charge the Mortgaged Premises in contravention of this paragraph then, at the option of the Mortgagee, the Principal Sum and any other monies secured hereunder shall forthwith become due and payable.

(l) Any sum owing or required by this Mortgage to be paid by the Mortgagor to the Mortgagee shall be added to the Principal Sum and shall form a charge on the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

5.0 APPLICATION OF PAYMENTS

5.1 PROVIDED that, in the case of any default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.

6.0 ACTS OF DEFAULT

6.1 PROVIDED that in default of the payment of the Principal Sum and any other monies secured hereunder, or on breach of any covenant or proviso herein contained, or if waste be committed by the Mortgagor or any other person, whether or not the Mortgagor has control over the acts of that person, or if the Mortgagor should make an assignment for the benefit of creditors, or a proposal under the *Bankruptcy and Insolvency Act*, or *Companies' Creditors*

Arrangement Act or have a bankruptcy petition presented against the Mortgagor, or if the Mortgagor should allow a creditor to enter judgment against the Mortgagor by reason of its financial inability to pay a debt or debts, the whole of the Principal Sum and any other monies secured hereunder remaining unpaid shall become payable, but the Mortgagee may waive its right to demand payment of the Principal Sum and any other monies secured hereunder and shall not be therefor debarred from subsequently asserting and exercising its right to call in the Principal Sum and any other monies secured hereunder by reason of such waiver or by reason of any future default, and the Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advancing of any part of the Loan, shall bind the Mortgagee to advance any further part of the Loan, but the advance of the Loan or any part thereof shall be in the sole discretion of the Mortgagee.

7.0 PRIOR ENCUMBRANCES

7.1 PROVIDED that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the Mortgaged Premises, having priority over this Mortgage, including any arrears of taxes or other rates on the Mortgaged Premises or any of them, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Mortgaged Premises and all solicitors' charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Mortgagor thereunder, as between solicitor and client, whether any action or other judicial proceeding to enforce such payment has been taken or not and the amounts so paid shall be added to the Indebtedness hereby secured and be a charge on the Mortgaged Premises and shall bear interest at the Interest Rate, and shall be forthwith payable by the Mortgagor to the Mortgagee and the non-payment of such amount shall entitle the Mortgagee to exercise the powers exercisable for breach of covenant hereinbefore contained. In the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

8.0 JUDGMENT

8.1 The taking of a judgment in respect of the Indebtedness or any instrument or instruments now or hereafter representing or evidencing the Indebtedness, or under any of the covenants herein, or in any such instrument contained or implied, shall not operate as a merger of the Indebtedness or such instrument, instruments or covenants, nor effect the Mortgagee's right to interest at the Interest Rate, nor affect nor prejudice any rights or remedies given to the Mortgagee by the terms hereof.

9.0 FIXTURES

9.1 All machinery and improvements, fixed or otherwise, and even though not attached to the Mortgaged Premises otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Mortgaged Premises as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns and all persons claiming by, through or under them and shall be security for the Indebtedness.

10.0 AGREEMENT BETWEEN THE MORTGAGOR AND MORTGAGEE

10.1 **IT IS AGREED BY AND BETWEEN THE MORTGAGOR AND MORTGAGEE as follows:**

(a) That no part of the Indebtedness existing at the date of this Mortgage, or incurred or arising thereafter, shall be deemed to be unsecured by this Mortgage.

(b) That this Mortgage is and shall be a continuing collateral security to the Mortgagee for the amount of the Indebtedness as herein provided and shall be deemed to be taken as security for the ultimate balance of the Indebtedness and this Mortgage shall not, nor shall anything herein contained operate so as to create any merger or discharge of any debt owing to the Mortgagee or any lien, bond, promissory note or bill of exchange or other security held by or which may hereinafter be held by the Mortgagee from the Mortgagor or from the Customer or from any other person or persons and this Mortgage shall not in any way prejudicially affect such security held or which may hereafter be held by the Mortgagee for the liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Mortgagee for or on account of the said liabilities or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Mortgage.

(c) That any and all payments made in respect of the Indebtedness and interest and the monies or other proceeds received from the sale of any securities held therefor, including this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the Indebtedness as the Mortgagee may see fit or may be held unappropriated in a separate collateral

account for such time as the Mortgagee may see fit.

(d) That the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Mortgagor, the Customor, the Guarantor and all other persons, securities and guarantees as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage.

11.0 CHANGE OF CORPORATE CONTROL

11.1 Where the Mortgagor is a corporation, the Mortgagor covenents and agrees in the event that:

(a) the Mortgagor fails to supply to the Mortgagee, in a form satisfactory to the Mortgagee, such information relating to the ownership of its shares as the Mortgagee may from time to time require, or

(b) without the written consent of the Mortgagee first had and obtained,

(i) the Mortgagor issues or redeems any of its shares or transfers any of its shares;

(ii) there is a sale or sales of shares of the Mortgagor which results in the transfer of the legal or beneficial interest of a majority of the shares of the Mortgagor; or

(iii) there is a change in the effective control of the majority of the voting shares of the Mortgagor.

The Principal Sum secured by this Mortgage together with all interest and other monies owing hereunder shall forthwith become due and payable at the option of the Mortgagee and the Mortgage's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

12.0 RECEIVERSHIP

12.1 Notwithstanding anything herein contained, it is declared and agreed that if at any time when there shall be default under the provisions of this Mortgage, the Mortgagee may, at such time and from time to time, and with or without entry into possession of the Mortgaged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Mortgagee or not, to be a receiver (which term, as used herein, includes a receiver manager) of the Mortgaged Premises, or any part thereof, and of the rents and profits appoint another receiver, and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any such receiver from time to time, the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Mortgaged Premises as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies, whether created before or after this Mortgage;

(ii) rent any portion of the Mortgaged Premises which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Premises left by the Mortgagor in an unfinished stateor award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(v) manage, operate, repair, alter or extend the Mortgaged Premises or any part thereof.

The Mortgagor undertakes to ratify and confirm whatever any such receiver may do in the Mortgaged Premises.

(b) The Mortgagee may, at its discretion, vest the receiver with all or any of the rights and powers of the Mortgagee.

(c) The Mortgagee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Mortgaged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Mortgagor and, in no event, the agent of the Mortgagee and the Mortgagee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Premises.

(f) No such receiver shall be liable to the Mortgagor to account for monies other than monies actually received by the receiver in respect of the Mortgaged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's power and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Mortgaged Premises in priority to this Mortgage, including taxes;

(iv) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee, in its discretion, shall determine, and

thereafter, every such receiver shall be accountable to the Mortgagor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Mortgagor on demand and shall be a charge on the Mortgaged Premises and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Mortgagor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Mortgagee may, at any time and from time to time, terminate any such receivership by notice in writing to the Mortgagor and to any such receiver.

(i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have.

13.0 WHERE THE MORTGAGOR IS NOT THE CUSTOMER

13.1 In the event that any one or more of the Mortgagor is not also the Customer, each such Mortgagor which is not also the Customer (hereinafter in this section 13.1 called "such Mortgagor") jointly and severally covenants with the Mortgagee as follows:

(a) this Mortgage and the covenants, provisos, obligations and agreements on the part of the Mortgagor herein contained shall be the continuing obligations and liability of each such Mortgagor and shall cover all of the liabilities and obligations of the Mortgagor hereunder and shall apply to and shall secure the ultimate balance of the Principal Sum, together with all interest thereon, and any other monies secured hereunder;

(b) the Mortgagee shall not be bound to exhaust its recourse against the Customer or others or any securities (which term when used in this section 1 3.1 includes guarantees) it may at any time hold before being entitled to payment from each such Mortgagor of the Principal Sum, together with all interest thereon, and any other monies secured hereunder and each such Mortgagor renounces to all benefits of discussion and division;

(c) this Mortgage and the liabilities and obligations of each such Mortgagor hereunder shall not be affected by the death or loss or diminution of capacity of the Customer or of any such Mortgagor or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Customer, or by the Customer or the Customer's business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;

(d) this Mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Mortgagee and all dividends,

compositions, proceeds of security valued and payments received by the Mortgagee from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of any Mortgagor to claim in reduction of his liability under this Mortgage, the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Mortgagee or proceeds thereof, and none of such Mortgagors shall have the right to be subrogated in any rights of the Mortgagee until the Mortgagee shall have received payment in full of all indebtedness;

(e) all of the Principal Sum and any other monies secured hereunder or intended to be secured hereby shall be deemed to form part of the obligations, debts and liabilities of each such Mortgagor notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or suable entity, and notwithstanding any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or creditors, or in the taking or registering of this Mortgage or any other securities, the whole whether known to the Mortgagee or not; and all the Principal Sum and any other monies secured hereunder shall be recoverable from each such Mortgagor as sole or principal debtor in respect thereof and shall be paid to the Mortgagee on demand with interest and accessories; and

(f) each such Mortgagor shall be bound by any account settled between the Mortgagee and the Customer, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Mortgagee shall be accepted by such Mortgagor and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Mortgagee or remains unpaid by the Customer to the Mortgagee.

14.0 BUILDINGS, ADVANCES AND COST OF SEARCH

14.1 It is the intention of the parties hereto that the building or buildings erected or to be erected on the Mortgaged Premises form part of the security for the Principal Sum secured by this Mortgage; and that all advances are to be made in such manner at such times and in such amounts up to the full amount of the Principal Sum as the Mortgagee in its sole discretion may determine, and subject always to the provision to which the Mortgagor hereby agrees that notwithstanding the execution or registration of this Mortgage or the advancement of any part of the Loan, the Mortgagee is not bound to advance the Loan or any unadvanced portion thereof and the advance of the Loan and any part thereof from time to time shall be in the sole discretion of the Mortgagee, but nevertheless, this Mortgage hereby made shall take

effect forthwith upon execution by the Mortgagor and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the Loan not being advanced, the same to be charged hereby upon the Mortgaged Premises and shall be without demand thereof, payable forthwith with interest at the Interest Rate and in default, the Mortgagee's power of sale hereby given and all other remedies hereunder shall be exercisable.

15.0 EXTENSIONS

15.1 PROVIDED that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor or any other dealing with the owner of the Mortgaged Premises, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the monies hereby secured.

16.0 GUARANTEE OF MORTGAGE

16.1 IN CONSIDERATION of the Mortgagee making loans, accommodations, advances or other extensions of credit to the Customer which are the basis for the indebtedness, each Guarantor hereby agrees with the Mortgagee as follows:

(a) Each Guarantor hereby:

(i) guarantees the payment by the Mortgagor to the Mortgagee of all of the Principal Sum and other liabilities of the Mortgagor secured or payable under this Mortgage, present or future covenant, direct or indirect, absolute or contingent, matured or not, including, without limitation, principal, interest, taxes, fees and expenses as and when the same are due and payable under this Mortgage (the "Guaranteed Amounts"); and

(ii) covenants and agrees to perform all other covenants and obligations of the Mortgagor under this Mortgage as and when the same are required to be observed or performed under this Mortgage (the "Guaranteed Covenants");

In each case without any demand required to be made. The obligations of the Mortgagor to pay the Guaranteed Amounts and perform and observe

the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations", and this guarantee is hereinafter referred to as the "guarantee".

(b) If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to "the Guarantor" is to each and every such Guarantor.

(c) If any monies or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor, or any of them, on the footing of a guarantee for any reason whatever, such monies or amounts may be recovered from the Guarantor, or any of them, as a primary obligor and principal debtor in respect of such monies or amounts, regardless of whether such monies or amounts are recoverable from the Mortgagor or would be payable by the Mortgagor to the Mortgagee. For greater certainty, but without restricting the generality of the foregoing, if the Mortgagee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations, including, without limitation, the right of acceleration, the right to be paid interest at the Interest Rate in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Mortgagee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Mortgagor and the Mortgagee; provided, however, that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended and shall not be interpreted to confer on the Guarantor, or any of them, any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

(d) Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Mortgagee may:

(i) grant any time, indulgences, waivers or extensions of time for payment of any of the Guaranteed Obligations;

(ii) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage, and whether by express agreement signed by the Mortgagor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(iii) change the interest rate provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such interest rate is calculated or determined; change from a fixed rate to a variable or floating rate, or from a variable or floating rate to a fixed rate, or otherwise;

(iv) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of this Mortgage in any manner whatever;

(v) release or discharge from this Mortgage the whole or any part of the Mortgaged Premises or any other security for the Indebtedness;

(vi) advance additional principal amounts to the Customer pursuant to any provision of this Mortgage and/or a Loan Document that permits the Customer to borrow such additional principal amounts from the Mortgagee;

(vii) permit the Customer to prepay the Indebtedness, in whole or in part, or to skip any one or more scheduled instalments of payments of principal and interest, or to pay one or more such scheduled instalment on a scheduled payment date under a Loan Document that permits such prepayment, skipping or multiple payments or otherwise;

(viii) accept compositions, compromises or proposals from the Customer or otherwise deal with the Customer or any other person (including, without limitation, the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including, without limitation, this Mortgage) or the Mortgaged Premises or any security as the Mortgagee sees fit, including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Indebtedness;

(ix) release or discharge any Guarantor, or one or more other co-covenantors or guarantors or Mortgagors in respect of this Mortgage, whether under this Guarantee or otherwise; or

(x) release any subsequent legal or beneficial owner of the Mortgaged Premises from any liability for the Guaranteed Obligations, or any of them, or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise effect the obligations or liability of any Guarantor under the Guarantee, regardless of whether any such action has the effect of amending or varying this Mortgage or

increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Mortgagor under this Mortgage as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if the interest rate provided in this Mortgage is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

(e) The obligations of the Guarantor hereunder shall be unaffected by:

(i) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Mortgagor, the Customer or any Guarantor or any other party;

(ii) any irregularity, defect, unenforceability or invalidity in respect of the Indebtedness or this Mortgage or any indebtedness, liability or other obligation of the Mortgagor or any other party;

(iii) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

(iv) any judgment obtained against the Mortgagor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation any money on deposit and any guarantee) or any right or remedy, from or against the Mortgagor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect, any security (including without limitation any money on deposit or any guarantee) or any right or remedy;

(v) any change in the name, control, objects, business, assets, capital structure or constitution of the Mortgagor, the Customer or any Guarantor, or any merger or amalgamation of the Mortgagor, the Customer or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Mortgagor, the Customer or Guarantor was originally formed, or any change in the membership of the Mortgagor, the Customer or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Mortgagor", the "Customer", or the "Guarantor" in this Mortgage will be deemed to include each corporation and each partnership resulting from any of the foregoing;

(vi) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of this Mortgage or the Guarantee, or the Mortgagor, the Customer or any Guarantor;

(vii) any failure on the part of the Mortgagee to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Mortgagee with respect to this Mortgage, or any other security granted to the Mortgagee relating to this Mortgage or the Indebtedness; and

(viii) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;

it being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Mortgage shall be absolute and unconditional under any and all circumstances.

(f) Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Mortgagee in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Mortgagee, and the Guarantor shall not seek any reimbursement from the Mortgagor.

(g) The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Mortgage (whether such payment shall have been made by or on behalf of the Mortgagor or the Guarantor or any of them) is rescinded, or is reclaimed from the Mortgagee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Mortgagor, the Customer or the Guarantor or any of them, or for any other reason.

(h) The Mortgagee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Mortgagor, the Customer or any other party or any assets of the Mortgagor, the Customer or of any other party before being entitled to demand payment or performance by any Guarantor of its obligations under this Mortgage. Each Guarantor hereby waives all benefit of discussion and division.

(i) Any Guarantor may, by notice in writing delivered to the manager of the branch or agency of the Mortgagee receiving this instrument, terminate the Guarantor's liability under this Mortgage with effect from and after the date (the "Termination Date") that is 30 days following the date of such notice in respect of Guaranteed Obligations incurred or arising at any time on or after the Termination Date but not in respect of any Guaranteed Obligations incurred, arising or existing before the Termination Date, even though not then matured. Notwithstanding the foregoing, the Mortgagee may fulfil any requirements of the Mortgagor under this Mortgage or any indebtedness requested by the Mortgagor prior to the receipt of such notice, and any liabilities of the Mortgagor resulting from such fulfilment shall be added to the Guaranteed Obligations and shall be secured by this Mortgage. Termination of the liability of one or more of the Guarantors shall not affect the liability of any other Guarantor.

(j) Each Guarantor shall indemnify and save harmless the Mortgagee from and against all losses, damages, costs and expenses which the Mortgagee may sustain, incur or become liable for by reason of:

(i) the failure, for any reason whatever, of the Mortgagor to pay any amounts expressed to be payable pursuant to the provisions of this Mortgage, regardless of whether the Mortgagor's obligation to pay such amounts is valid or enforceable against the Mortgagor;

(ii) the failure, for any reason whatever, of the Mortgagor to perform any other obligation under this Mortgage; or

(iii) any act, action or proceeding of or by the Mortgagee for or in connection with the recovery of such amounts or the performance of such obligations.

(k) The Guarantee shall be operative and binding upon every Guarantor upon execution and delivery of this Mortgage by such Guarantor, regardless of whether it has been executed by any other proposed guarantor or guarantors.

17.0 CONDOMINIUMS

17.1 If this Mortgage charges one or more Condominium Units, the following provisions shall apply:

(a) The Mortgagor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Mortgagor by the Condominium Act, the declaration, the by-laws, and the rules, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the Condominium Unit(s). Any breach of the said duties and obligations shall constitute a breach of covenant under this Mortgage.

(b) Without limiting the generality of the foregoing, the Mortgagor covenants and agrees that he will pay promptly when due any contributions to common expenses required of him as an owner of the Condominium Unit(s) and in the event of his default in doing so the Mortgagee, at its option, may pay the same and the amount so paid shall be added to the debt secured by this Mortgage and shall be a charge on the Condominium Unit(s) and shall bear interest at the Interest Rate from the time of such payments and shall be payable forthwith by the Mortgagor to the Mortgagee whether or not any payment in default has priority to this Mortgage or any part of the monies secured thereby.

(c) The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee to exercise the right of the Mortgagor as an owner of the Condominium Unit(s) to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the said Condominium Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgagee revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Mortgagee shall not by virtue of the assignment to the Mortgagee of the right to vote or consent be under any obligation to vote or consent to protect the interests of the Mortgagor.

(iii) The exercise of the right to vote or consent shall not constitute the Mortgagee a mortgagee in possession.

18.0 DISTRESS

18.1 PROVIDED that and it is further stipulated and agreed by and between the parties to this Mortgage that the Mortgagee, its successors or assigns, may distrain for arrears of interest against the Mortgaged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payment of taxes, if required, in the same manner as if the same were arrears of

interest.

19.0 RIGHTS ON DEFAULT

19.1 The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Mortgagor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Mortgagee may, at such time or times as it may deem necessary and without the concurrence of any other person, enter upon the Mortgaged Premises and make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Mortgaged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee, and shall be a charge upon the Mortgaged Premises and shall bear interest at the Interest Rate until paid.

19.2 PROVIDED also that in the event of default of payment of the Principal Sum with interest thereon and any other monies secured hereunder, or in the due performance of any provision in this Mortgage, the Mortgagee may, where legally permitted or required, enter on or lease or sell the Mortgaged Premises, but no power of sale shall be exercised until after four weeks' notice has been given. Any such sale may be a sale of the Mortgaged Premises as a whole or in separate parcels at public auction, by public

tender or by private sale or partly in one manner and partly in another manner or manners, at such time and on such terms and conditions as the Mortgagee shall appoint, having first given such notice as it may think proper or as may be required by law, and upon such reasonable conditions as to upset or reserve, bid or price and as to terms of payment as it may deem proper. The Mortgagee may adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Mortgaged Premises good and sufficient deed or deeds for the same, the Mortgagee being hereby constituted the irrevocable attorney of the Mortgagor for the purpose of making such sale and executing such deeds and any such sale as aforesaid shall be a perpetual bar both at law and at equity against the Mortgagor and all persons claiming the Mortgaged Premises, by, from, through or under the Mortgagor; provided that the Mortgagee shall have the right exercisable and any time and from time to time to purchase all or any part of the Mortgaged Premises if the same are sold by public auction or by public tender.

20.0 OBLIGATIONS SURVIVE SALE

20.1 PROVIDED further that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the monies hereby secured.

21.0 NEW HOME WARRANTY PLAN ACT

21.1 If the Mortgagee incurs any cost or expense of any nature or kind, in any way arising from or relating to a new home warranty act or similar legislation and the regulations thereunder, including any amendments or replacements, or either of them (the "Act"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the Act or enrolling the Mortgaged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a mortgage on the Mortgaged Premises in priority to all other encumbrances registered or arising subsequent to this Mortgage and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee.

22.0 PARTIAL RELEASE

22.1 PROVIDED that the Mortgagee may at all times release any part or parts of the Mortgaged Premises or other security or any surety or guarantor for payment of all or any part of the indebtedness hereby secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the indebtedness, either with or without consideration therefore, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other party to this Mortgage, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release, the Mortgaged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the Principal Sum secured by this Mortgage.

23.0 LIENS AND CONSTRUCTION

23.1 PROVIDED also that upon the registration of any lien against the Mortgaged

Premises, or in the event of any buildings being erected thereon or allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the Principal Sum, together with interest at the Interest Rate, and all other amounts secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable. In the event any lien is registered against the Mortgaged Premises, the Mortgagee shall have the right, but not the obligation, to pay such amounts as may be required to vacate the lien. Any amount so paid by the Mortgagee, together with all costs, charges and expenses incurred by the Mortgagee in connection therewith, including all solicitors' charges or commissions, on a solicitor and its own client basis, shall be added to the Principal Sum secured by this Mortgage and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Mortgaged Premises prior to all claims thereon subsequent to this Mortgage, and shall be forthwith payable on demand.

24.0 SEVERABILITY OF ANY INVALID PROVISIONS

24.1 It is agreed that in the event that at any time any provision of this Mortgage is illegal or invalid under, or inconsistent with, the provisions of any applicable statute or regulation thereunder or would, by reason of the provisions of any such statute or regulation, render the Mortgagee unable to collect the amount of any loss sustained by it as a result of providing the indebtedness which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would render the Mortgagee unable to collect the amount of any such loss.

25.0 NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

25.1 PROVIDED that no failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall prejudice such rights or any other rights of the Mortgagee; no performance or payment by the Mortgagee in respect of any breach or default hereunder of the Mortgagor shall relieve the Mortgagor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

26.0 MORTGAGEE'S EXPENSES

26.1 The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to this Mortgage, and to any and all documents required in connection therewith, and of any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable hereunder including, without limiting the generality of the foregoing, all solicitors' fees, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Mortgagee thereon and all costs and expenses valuing the Mortgaged Premises in connection with the foregoing. The Mortgagor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Interest Rate and shall be a charge on the Mortgaged Premises.

27.0 OTHER SECURITY

27.1 This Mortgage is in addition to, and not in substitution for, any other security held by the Mortgagee, including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Mortgagee for the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. Without limiting the generality of the foregoing, this Mortgage is in addition to, and not in substitution for, any other charges now or hereafter held by the Mortgagee over the Mortgaged Premises as security for monies advanced hereunder or any other monies due to the Mortgagee, and it is understood and agreed that the aggregate principal amount secured by this Mortgage and such other charges shall be the sum of the Principal Sum and all other monies secured hereunder and the respective principal amounts of such other charges.

28.0 HEADINGS

28.1 The headings of sections herein are inserted for convenience or reference only and shall not affect the construction or interpretation of this Mortgage.

29.0 INTERPRETATION

29.1 AND it is hereby agreed that where the context requires, words in the singular include the plural, and words importing the masculine gender include the feminine and neuter genders. All covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor shall be joint and several, and shall be binding upon the heirs, executors, administrators, successors and assigns of the Mortgagor, as the case may be.

29.2 This Mortgage is made in pursuance of any applicable enactments respecting short forms of indentures.

30.0 RECEIPT OF TRUE COPY

30.1 The Mortgagor (and the Guarantor, if applicable) acknowledges receipt of a copy of this Mortgage.

IN WITNESS WHEREOF the Mortgagor (and the Guarantor, if applicable) has properly executed this Mortgage the day and year first above written.

SIGNED, SEALED AND DELIVERED in the presence of)

B. CRAIG CLARKE

AFFIDAVIT FOR CORPORATION

CANADA
PROVINCE OF PRINCE EDWARD ISLAND
COUNTY OF QUEENS

I, Alex K. Rice, of Charlottetown in the Province of Prince Edward Island

MAKE OATH AND SAY:

1. That I, Alex K. Rice, am the President of 3317427 Nova Scotia Limited named in the within indenture and as such, have personal knowledge of the facts herein deposed.

2. That the Corporate Seal affixed to the within indenture is the Corporate Seal of the said 3317427 Nova Scotia Limited, and was thereto affixed by order of the Board of Directors of the said Company to and for the uses and purposes therein expressed and contained.

3. That the name "Alex K. Rice" subscribed to the within indenture is the signature of me, the said President, and I am duly authorized by the Board of Directors of the said Company to sign all the documents in relation to the sale of the property.

4. That the property which it is disposing of or encumbering, being more particularly described in the Schedule "A" hereto annexed, has never been occupied by the Corporation or by any of its officers, agents, employees or shareholders or members as a family home, or designated as such, within the meaning of the *Family Law Act*, R.S.P.E.I. 1995 and amendments thereto.

SWORN TO at Stellarton,
Province of Nova Scotia,
this 28 day of April, 2020

A NOTARY PUBLIC IN AND FOR
THE PROVINCE OF NOVA SCOTIA

B. CRAIG CLARKE
Barrister of the Supreme
Court of Nova Scotia

K Alex Rice
Alex K. Rice

SCHEDULE "A"

Unit 3, Level 2, 3, 4, and 5, as shown on "Plan of Survey showing the Why Condominium WHY Development Inc. Sheets 4 to 7 inclusive, 252 Prince Street, Charlottetown, Queens County, Prince Edward Island" prepared by Morris Land and Engineering Surveys Inc., as Drawing No. 70-063-CPF, and certified by David R.J. Morris, on December 18, 2007 and approved for registration by Serge J. Bernard, Chief Surveyor for the Province of Prince Edward Island on December 19, 2007 and filed with the Office of the Registrar of Deed for Queens County on December 20, 2007 as "Queens Condominium Plan No. 14", Document No. 11007, and as revised and registered in the Office of the Registrar of Deeds for Queens County on February 19, 2010 as Document Number 1321, and its appurtenant common interest.

TOGETHER with the exclusive use of Parking Space P3 and Storage Space S3 as shown on "Plan of Survey showing The WHY Condominium WHY Development Inc., Level A, Common Elements (Storage Areas and Parking Garage), sheet 3 of 9, 252 Prince Street, Charlottetown, Queens County, Prince Edward Island", prepared by Morris Land and Engineering Surveys Inc. as drawing number 07-063-CPF, and certified by David R.J. Moths, on December 18, 2007 and approved for registration by Serge J. Bernard, Chief Surveyor for the Province of Prince Edward Island on December 19, 2007 and filed in the Office of the Registrar of Deeds for Queens County on December 20, 2007 as Document Number 11007 as "Queens Condominium Plan No. 14", Document No. 11007, and as revised and registered in the Office of the Registrar of Deeds for Queens County on February 19, 2010 as Document Number 1321.

TOGETHER with the exclusive use of EC-3 and EC-3A Terrace as shown on "Plan of Survey showing The WHY Condominium WHY Development Inc., Level 5, Unit 1, 2, 3, 8 and 9 Roof Access, Unit 11, EC-1, EC-2, EC-3, 3C-8, and EC-9, sheet 7 of 9, 252 Prince Street, Charlottetown, Queens County, Prince Edward Island", prepared by Morris Land and Engineering Surveys Inc., as Drawing No. 07-063-CPF, and certified by David R.J. Moths, on December 18, 2007 and approved for registration by Serge J. Bernard, Chief Surveyor for the Province of Prince Edward Island on December 19, 2007 and filed with the Office of the Registrar of Deed for Queens County on December 20, 2007 as "Queens Condominium Plan No. 14", Document No. 11007, and as revised and registered in the Office of the Registrar of Deeds for Queens County on February 19, 2010 as Document Number 1321.

CANADA
PROVINCE OF NOVA SCOTIA

I, Craig Clarke of Stellarton, in the Province of Nova Scotia, a Notary Public by lawful authority, duly authorized, commissioned and sworn, DO HEREBY CERTIFY that on the 28 day of April, 2020 personally appeared before me, Alex K. Rice, of Stellarton, in the Province of Nova Scotia, known to me to be the party named in and executing the annexed Collateral Mortgage or writing, and acknowledged that they did freely and voluntarily execute the annexed Collateral Mortgage or writing to and for the uses and purposes therein named.

AND I FURTHER CERTIFY that the signature of Alex K. Rice subscribed to the said Collateral Mortgage is in the true and proper handwriting of the said Alex K. Rice.

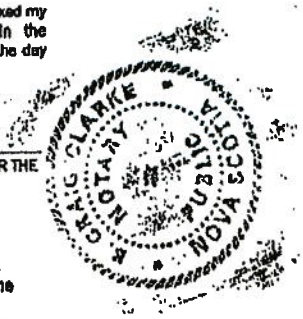
AND I FURTHER CERTIFY that I am a subscribing witness to the execution of the said document by Alex K. Rice and the name Craig Clarke is in my own true and proper handwriting, and that I am a Notary Public in and for the Province of Nova Scotia.

IN FAITH AND TESTIMONY WHEREOF I have to this Notarial Certificate subscribed my name and affixed my Notarial Seal at Halifax, in the Province of Nova Scotia on the day and year first above written.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF NOVA SCOTIA

(impress notarial seal)

B. CRAIG CLARKE
A Barrister of the Supreme
Court of Nova Scotia



Dated the 28 day of April, 2020

BETWEEN:

3317427 Nova Scotia Limited

AND:

Royal Bank of Canada

****

COLLATERAL MORTGAGE

****

Search: April 9, 2020
Subsearch: _____

Checked by: _____
Date: _____

COX & PALMER
Barristers & Solicitors
97 Queen Street, Suite 600
Charlottetown, P.E.I. C1A 4A9

Per: Jordan Brown
File No. 46490-1

Office of the Registrar of Deeds

For Queens County, Charlottetown, P.E. Island

Book 5819

Doc # 2889

The within document was registered on

The 1st Day of May A.D., 2020 on

NOTARIAL CERTIFICATE

ASST REGISTRAR

This is **Exhibit "K"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "K"

GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by 3343533 Nova Scotia Limited (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of $500,000.00 Five Hundred Thousand **Dollars** together with interest thereon from the date of demand for payment at a rate equal to Royal Bank Prime plus 5% percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A. Provices except Ontario)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this MARCH 21 2024
(MONTH) (DAY) (YEAR)

IN THE PRESENCE OF

Witness Signature :

Name:

Witness Signature :

Name: PAUL E. RADFORD, KC
A Barrister of the Supreme Court of Nova Scotia

Witness Signature :

Name:

Witness Signature :

Name:

Blue Lobster Capital Limited

PER: K Alex R

ALEX K. RICE
PRESIDENT
(KEVIN ALEXANDER RICE)

Insert the full name and address of guarantor (Undersigned above).

Full name and address

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the Customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

THE GUARANTEES ACKNOWLEDGEMENT ACT (ALBERTA)
CERTIFICATE OF BARRISTER AND SOLICITOR

I HEREBY CERTIFY THAT:

(1) , the guarantor in the guarantee dated made between ROYAL BANK OF CANADA and , which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by _____, Barrister and Solicitor at the _____ of _____, in the Province of Alberta, this _____ day of _____, 20_____.

_____
Signature

(Guarantor to sign in presence of Barrister and Solicitor)

STATEMENT OF GUARANTOR

I am the person named in the certificate _____
Signature of Guarantor

(To be completed when the guarantor is an individual and the guarantee is stated to be governed by the laws of Saskatchewan and the Customer is a farmer, farm corporation or farm partnership in Saskatchewan or engages in a farming operation or owns farm assets in Saskatchewan.)

THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)
CERTIFICATE OF LAWYER OR NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) of in the Province of , the guarantor in the guarantee dated made between ROYAL BANK OF CANADA and , which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at this under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

_____
A LAWYER OR A NOTARY PUBLIC IN AND FOR

_____

STATEMENT OF GUARANTOR

I am the person named in the certificate _____
Signature of Guarantor

This is **Exhibit "L"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "L"

GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by 4318682 Nova Scotia Limited (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of $500,000.00 Five Hundred Thousand **Dollars** together with interest thereon from the date of demand for payment at a rate equal to Royal Bank Prime plus 5% percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A. Provices except Ontario)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this MARCH 21 2024
(MONTH) (DAY) (YEAR)

IN THE PRESENCE OF

Witness Signature :

Name:

Witness Signature :

Name: PAUL E. RADFORD, KC
A Barrister of the Supreme Court of Nova Scotia

Witness Signature :

Name:

Witness Signature :

Name:

Blue Lobster Capital Limited

PER: K ALEXANDER RICE
ALEX K. RICE
PRESIDENT
(KEVIN ALEXANDER RICE)

Insert the full name and address of guarantor (Undersigned above).

Full name and address

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the Customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

THE GUARANTEES ACKNOWLEDGEMENT ACT (ALBERTA)
CERTIFICATE OF BARRISTER AND SOLICITOR

I HEREBY CERTIFY THAT:

(1) , the guarantor in the guarantee dated made between ROYAL BANK OF CANADA and , which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by _____, Barrister and Solicitor at the _____ of _____, in the Province of Alberta, this _____ day of _____, 20_____.

_____
Signature

(Guarantor to sign in presence of Barrister and Solicitor)

STATEMENT OF GUARANTOR

I am the person named in the certificate _____
Signature of Guarantor

(To be completed when the guarantor is an individual and the guarantee is stated to be governed by the laws of Saskatchewan and the Customer is a farmer, farm corporation or farm partnership in Saskatchewan or engages in a farming operation or owns farm assets in Saskatchewan.)

THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)
CERTIFICATE OF LAWYER OR NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) of in the Province of , the guarantor in the guarantee dated made between ROYAL BANK OF CANADA and , which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at this under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

_____
A LAWYER OR A NOTARY PUBLIC IN AND FOR

_____

STATEMENT OF GUARANTOR

I am the person named in the certificate _____
Signature of Guarantor

This is **Exhibit "M"** to the affidavit of Alex Rice sworn before me on the 14th day of August 2026.

DARREN D. O'KEEFE
Barrister, Solicitor, Notary Public in the Provinces of Newfoundland and Labrador and Nova Scotia

EXHIBIT "M"

STEWART McKELVEY
LAWYERS • AVOCATS

Queen's Marque, 600-1741 Lower Water Street, P.O. Box 997
Halifax, NS B3J 2X2 Canada tel: 902.420.3200 fax: 902.420.1417 stewartmckelvey.com

REGISTERED MAIL AND COURIER

Maurice P. Chiasson, K.C.
Direct Dial: 902.420.3300
Direct Fax: 902.420.1417
mchiasson@stewartmckelvey.com

MPC: SM069259.00020

February 7, 2024

Blue Lobster Capital Limited
99 Wyse Road, Suite 600
Dartmouth, Nova Scotia
B3A 4S5

Blue Lobster Capital Limited
63 Provost Street
New Glasgow, Nova Scotia
B2H 2P5

Attention: Alex K. Rice, President

Dear Mr. Rice:

Re: Amounts Owing to Royal Bank of Canada – Blue Lobster Capital Limited

We advise that we are representing Royal Bank of Canada (the "**Bank**") in relation to loans and other credit facilities made available by the Bank to Blue Lobster Capital Limited (the "**Company**").

We advise that you that you are currently in default in relation to certain of your obligations under your loan agreement with the Bank dated January 18, 2021 (the "**RBC Loan Agreement**"). Specifically:

1. the Company has failed to deliver the following to the Bank as required under the RBC Loan Agreement:

(a) the annual Compliance Certificate due within 150 days of the fiscal year ended June 30, 2023;

(b) the annual Notice to Reader financial statements of the Company due within 150 days of the fiscal year ended June 30, 2023;

(c) the annual Notice to Reader combined financial statements of the Company, 3284906 Nova Scotia Limited and 3343533 Nova Scotia Limited due within 150 days of the fiscal year ended June 30, 2023;

(d) the annual rent roll for all properties of the Company mortgaged to the Bank due within 150 days of the fiscal year ended June 30, 2023;

(e) the annual operating statements for all properties of the Company mortgaged to the Bank due within 150 days of the fiscal year ended June 30, 2023;

(f) annual confirmation that property taxes for all properties of the Company mortgaged to the Bank have been paid due within 150 days of the fiscal year ended June 30, 2023; and

(g) the annual personal statement of affairs for Alex K. Rice due within 150 days of the fiscal year ended June 30, 2023.

2. Without the timely financial reporting, the Bank cannot determine whether the Company is in compliance with the financial covenants set out in the RBC Loan Agreement.

3. Term Loan #41385957 012 with the Bank matured on December 31, 2023 and remains outstanding.

In view of the foregoing, the Bank hereby demands payment of its loans. We further advise that your indebtedness to the Bank as of January 31, 2024 set out in the attached Schedule "A".

As illustrated by Schedule "A", the total amounts outstanding as of January 31, 2024 are **$1,130,732.65** (the "**Outstanding Amounts**") with interest accruing daily based on the per diem rates provided. Per diem interest, other interest and pending charges will continue to accrue until the Outstanding Amounts are paid in full. You should confirm the actual amounts with the Bank on the date of payment.

Payment of the Outstanding Amounts recited above together (as updated) with the Bank's enforcement costs must be made by certified cheque or bank draft made payable to Royal Bank of Canada and sent to the attention of the undersigned. Unless payment of the Outstanding Amounts is received in full on or before **February 19, 2024**, the Bank will take whatever steps it considers appropriate to collect the amounts owing, including legal action. Enclosed is a copy of the Bank's Notice of Intention to Enforce a Security provided under sec. 244 of the *Bankruptcy and Insolvency Act* (Canada).

We trust you will give this matter your immediate attention.

Yours truly,

Maurice P. Chiasson, K.C.

Enclosure

cc. Dave Northrup, Senior Manager Special Loans and Advisory Services, Atlantic, Royal Bank of Canada

ROYAL BANK OF CANADA
Special Loans & Advisory Services
1 Place Ville-Marie
9th Floor, West Wing
Montreal, Quebec H3C 3A9

January 31, 2024

ACCOUNT STATEMENT

BLUE LOBSTER CAPITAL LIMITED – balances owing as at January 31, 2024

Term Loan # 41385957 007

- Capital $74,573.57
  Accrued interest $34.53
  Balance due.....$74,608.10
  Daily interest $17.26

Term Loan # 41385957 008

- Capital $105,291.60
  Accrued interest $48.75
  Balance due.....$105,340.35
  Daily interest $24.38

Term Loan # 41385957 009

- Capital $216,544.91
  Accrued interest $106.20
  Balance due.....$216,651.11
  Daily interest $53.10

Term Loan # 41385957 011

- Capital $97,222.78
  Accrued interest $23.84
  Balance due.....$97,246.62
  Daily interest $23.84

Term Loan # 41385957 012

- Capital $627,479.77
  Accrued interest $4,461.98
  Balance due.....$631,941.75
  Daily interest $153.86

Balance Visa Facility

- **Balance due $4,944.72**

Total $1,130,732.65

Maria Liparota

Maria Liparota
Commercial Banking Advisor

FORM 86

Notice of Intention to Enforce a Security
(Rule 124)

TO: Blue Lobster Capital Limited, an insolvent person (**the "Debtor"**)

Take Notice that:

1. Royal Bank of Canada, a secured creditor (**the "Creditor"**), intends to enforce its security on certain real property and personal property of the Debtor.

2. The security that is to be enforced is in the form of the following instruments:

   (a) a general security agreement dated May 22, 2019;

   (b) a collateral mortgage dated February 4, 2020 securing the principal sum of $133,000 in relation to the property located at 18 Claremont Avenue, Stellarton, Nova Scotia;

   (c) an assignment of rents dated February 4, 2020 in relation to the property located at 18 Claremont Avenue, Stellarton, Nova Scotia;

   (d) a collateral mortgage dated February 4, 2020 securing the principal sum of $140,000 in relation to the property located at 14 Allan Avenue, Stellarton, Nova Scotia;

   (e) an assignment of rents dated February 4, 2020 in relation to the property located at 14 Allan Avenue, Stellarton, Nova Scotia;

   (f) a collateral mortgage dated April 28, 2020 securing the principal sum of $345,000 in relation to the property located at 252 Prince Street, Charlottetown, Prince Edward Island;

   (g) a collateral mortgage dated January 28, 2021 securing the principal sum of $880,000 in relation to the property located at 2138 Brunswick Street, Halifax, Nova Scotia;

   (h) an assignment of rents dated January 28, 2021 in relation to the property located at 2138 Brunswick, Halifax, Nova Scotia;

   (i) a collateral mortgage dated June 4, 2019 securing the principal sum of $200,000 in relation to the property located at 61-63 Provost Street, New Glasgow, Nova Scotia; and

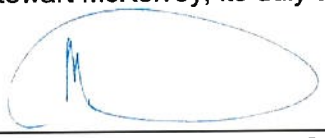
   (j) an assignment of rents dated June 4, 2019 in relation to the property located at 61-63 Provost Street, New Glasgow, Nova Scotia.

3. The total amount of indebtedness secured by the security is **$1,130,732.65** as of the date set out in the demand letter forwarded to you with this notice together with the appropriate per diem rates of interest thereafter and applicable enforcement costs.

4. The 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 Debtor consents to an earlier enforcement.

Dated at Halifax, Nova Scotia, February 7, 2024.

ROYAL BANK OF CANADA
By Stewart McKelvey, its duly authorized agent



Per: Maurice P. Chiasson, K.C. Partner