

2024

Court Administration

APR 05 2024

Hfx No. 532179

**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY**

IN THE MATTER OF: **The Receivership of Atlantic Oriental Wholesale (AOW) Inc.**

BETWEEN: **Business Development Bank of Canada**

Applicant

- and -

Atlantic Oriental Wholesale (AOW) Inc.

Respondent

AFFIDAVIT OF LIAM WILSON

I, **Liam Wilson**, of St. John's, Newfoundland and Labrador, make oath and say as follows:

1. I am a Business Specialist with the Special Accounts unit of the Business Development Bank of Canada (the "**Bank**").
2. I have personal knowledge of the evidence sworn to in this Affidavit except where otherwise stated to be based on information or belief.
3. I state, in this Affidavit, the source of any information that is not based on my own personal knowledge and I state my belief of the source.

Loan Agreement and Security

4. The Respondent ("**AOW**") is a body corporate incorporated pursuant to the laws of the Province of Nova Scotia, as shown on the profile printout from the Registry of Joint Stock Companies attached hereto as **Exhibit "A"**.
5. AOW is indebted to the Bank pursuant to a Letter of Offer issued by the Bank on January 12, 2022 and accepted by AOW on January 13, 2022, as amended by mutual consent by letters dated March 3, 2022, March 29, 2022, April 18, 2022 and January 25, 2023 (collectively, the "**Loan Agreement**"). True copies of the Letter of Offer and each of the amending letters are attached hereto as **Exhibit "B"**.

6. AOW's obligations to the Bank pursuant to the Loan Agreement are secured by:
- (i) A mortgage (the "**Mortgage**") granted by AOW to the Bank and dated March 2, 2022. The Mortgage was recorded at the Land Registration Office for Shelburne County, Nova Scotia on April 26, 2022 as Doc. No. 120485090, and by its terms secures a principal debt of \$1,700,000 against AOW's property at Seal Point Road, Upper Port La Tour, Shelburne County (PID No. 82540097). A true copy of the Mortgage is attached hereto as **Exhibit "C"**; and
 - (ii) A General Security Agreement (the "**GSA**") granted by AOW to the Bank and dated March 2, 2022, a Financing Statement for which was recorded pursuant to the **Personal Property Security Act** as a Reg. No. 36126654. A true copy of the GSA is attached hereto as **Exhibit "D"**.
7. Attached hereto as **Exhibit "E"** is a true copy of the Guarantee executed by Jun Tak Kim (the "**Guarantor**") dated March 2, 2022, by the terms of which he promised to make payment on demand of all debts and obligations owed by AOW to the Bank pursuant to the Loan Agreement, limited to 25% of the outstanding balance owed by AOW as of the date of demand against the Guarantor.

AOW Indebtedness

8. Attached hereto as **Exhibit "F"** is a true copy of an Account Statement showing that AOW was indebted to the Bank in the amount of **\$1,193,108.69** as of March 4, 2024.

AOW Default

9. AOW has defaulted in its obligations to the Bank pursuant to the Loan Agreement and its account is in four months in arrears as of the date of this my Affidavit.
10. AOW has advised the Bank that it has ceased operations and is no longer carrying on business.
11. On January 2, 2024 the Bank's legal counsel made demand for payment upon AOW and issued a Notice of Intention to Enforce Security ("**NITES**") on behalf of the Bank. True copies of the demand letter and NITES are attached hereto as **Exhibit "G"**.
12. AOW did not respond to the demand letter and NITES, and the Bank has not received any payment.
13. I am advised by the Bank's legal counsel, Stephen Kingston, and do verily believe that attached hereto as **Exhibit "H"** is a true copy of a Tax Certificate for the mortgaged property, which identifies arrears of \$20,470.95 as of January 8, 2024.
14. I am further advised by Mr. Kingston, and do verily believe, that attached hereto as **Exhibit "I"** is a true copy of a Bankruptcy Search Report stating that the Guarantor declared personal bankruptcy on December 22, 2023.

Receivership Order

- 15. The Bank considers that a Court-appointed Receiver is necessary and desirable in this instance as AOW has defaulted in its obligations to the Bank, has ceased operations and no longer carries on business, and as the Bank's security includes a commercial property.
- 16. I believe that a Court appointment would enable the Receiver to formulate and implement a process for the orderly sale of AOW's assets in a transparent manner and subject to the supervision of this Honorable Court.
- 17. I have accordingly instructed the Bank's legal counsel to seek a Receivership Order from this Honorable Court as regards all of the assets, property and undertaking of AOW.
- 18. Deloitte Restructuring Inc. ("**Deloitte**") has agreed to act as Receiver, if so appointed by this Honorable Court, and a true copy of Deloitte's Consent to Act is attached hereto as **Exhibit "J"**.

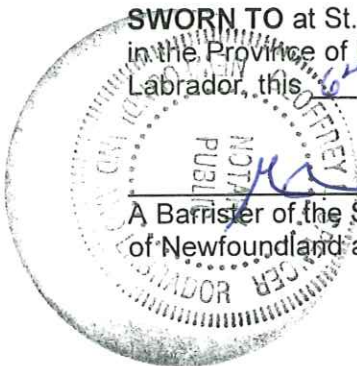
Sale Process Order

- 19. I am familiar with the proposed Sale and Investment Solicitation Process ("**SISP**") as set out in Deloitte's Pre-filing Report to the Court, and am in agreement with its terms.
- 20. On January 17, 2024 the Bank appointed Deloitte as receiver and manager pursuant to the Bank's security. This has enabled Deloitte to familiarize itself with AOW's assets, etc., which has assisted in the development of the SISP.
- 21. The Bank considers that it would be efficient in terms of both time and costs if the SISP was considered by the Court at the same hearing as regards the application for the Receivership Order.
- 22. I have accordingly instructed Bank counsel to seek a Sale Process Order from this Honourable Court as part of the intended application.

SWORN TO at St. John's,
in the Province of Newfoundland and
Labrador, this 16 day of March, 2024.

A Barrister of the Supreme Court
of Newfoundland and Labrador


LIAM WILSON



INDEX


Exhibit	Description
A.	Corporate Printout (Atlantic Oriental Wholesale (AOW) Inc.)
B.	Loan Agreement
C.	Mortgage
D.	General Security Agreement
E.	Guarantee (Jun Tak Kim)
F.	Account Statement (March 4, 2024)
G.	Demand Letter/NITES
H.	Tax Certificate
I.	Bankruptcy Search Report
J.	Consent of Receiver

2024

Hfx No. _____

This is Exhibit "A" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6 day of March, 2024.




A Barrister of the Supreme Court
of Newfoundland and Labrador

ATLANTIC ORIENTAL WHOLESALE (AOW) INCORPORATED

[Profile](#) [Relationships](#) [Events \(12\)](#)

Reg. Number

3271742

Reg. Name

ATLANTIC ORIENTAL WHOLESALE (AOW) INCORPORATED

Type

Limited Company

Status

Active

Effective Date

21-Sep-2016

Registered on

24-Apr-2013

Next Annual Return

30-Apr-2024

Addresses

Reg. Address

127 SEAL POINT RD, UPPER PORT LA TOUR, NOVA SCOTIA, B0W 1E0, CANADA

Mailing Address

5889 INGLIS ST, HALIFAX, NOVA SCOTIA, B3H 1K7, CANADA

[Documents \(22\)](#) [Reports \(4\)](#)

Type to filter

Company Annual Renewal Statement (SR353880)

Registered on: 22-Mar-2023, Effective from: 22-Mar-2023

Standard \$12.45

Certified \$12.45

Company Annual Renewal Statement (SR217802)

Registered on: 04-May-2022, Effective from: 04-May-2022

Standard \$12.45

Certified \$12.45

Company Annual Renewal Statement (SR58050)

Registered on: 07-Jun-2021, Effective from: 07-Jun-2021

Standard \$12.45

ATLANTIC ORIENTAL WHOLESALE (AOW) INCORPORATED

[Profile](#) [Relationships](#) [Events \(12\)](#)

Name: [JUN TAK KIM](#)

Relationship: Director

Effective From: 15-May-2013

Name: [JUN TAK KIM](#)

Relationship: Officer(President, Secretary)

Effective From: 31-Jul-2019

Name: [JUN TAK KIM \(5889 INGLIS STREET, Halifax, NOVA SCOTIA, B3H 1K7, CANADA \)](#)

Relationship: Recognized Agent

Effective From: 21-Sep-2016

[Documents \(22\)](#) [Reports \(4\)](#)

Type to filter

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Registered on: 22-Mar-2023, Effective from: 22-Mar-2023

Standard \$12.45
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Certified \$12.45

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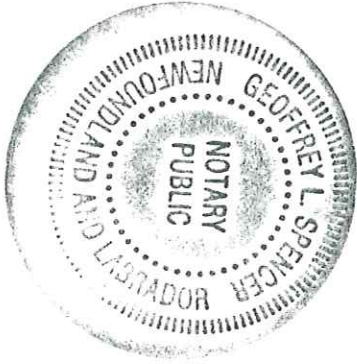
Registered on: 07-Jun-2021, Effective from: 07-Jun-2021


Standard \$12.45

2024

Hfx No. _____

This is Exhibit "B" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6 day of March, 2024.




A Barrister of the Supreme Court
of Newfoundland and Labrador



BDCID: 10026682707

Letter of Offer dated January 12, 2022

Atlantic Oriental Wholesale (AOW) Incorporated
5889 Inglis St
Halifax, NS
B3H 1K7

Attention of: Mr. Jun Tak Kim

Re: Loan(s) No. 226186-01

In accordance with this letter of offer of credit as amended from time to time (the "Letter of Offer"), Business Development Bank of Canada ("BDC") is pleased to offer you the following loan(s) (hereinafter individually or collectively referred to as the "Loan"). The Letter of Offer is open for acceptance until January 22, 2022 (the "Acceptance Date") and must be received by BDC duly signed no later than the Acceptance Date otherwise it shall automatically be deemed withdrawn by BDC.

LOAN PURPOSE AND FUNDING

Loan Purpose

Aqua System	\$1,267,759.00
Electrical	\$159,901.00
Materials / Labour	\$998,380.00
Equipment	\$237,804.00
Contingencies	\$36,156.00
	<hr/>
	\$2,700,000.00

Funding

BDC 226186-01	\$1,500,000.00
Working Capital	\$1,000,000.00
Shareholder Investment	\$200,000.00
	<hr/>
	\$2,700,000.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for the Loan Purpose.

DEFINITIONS

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" – Section I or are defined elsewhere in the text of the Letter of Offer.

LENDER

BDC

BORROWER

Atlantic Oriental Wholesale (AOW) Incorporated (the "Borrower")

GUARANTOR

Jun Tak Kim

(Hereinafter individually or collectively referred to as the "Guarantor"). The terms of each guarantee are set forth in the Security section below.

LOAN AMOUNT

Loan 226186-01: \$1,500,000.00

INTEREST RATE

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the following rate:

Loan 226186-01

Floating Rate

BDC's Floating Base Rate plus a variance of 0.00% per year (the "Variance 01"). On the date hereof, BDC's Floating Base Rate is 4.55% per year.

INTEREST CALCULATION

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, Default and judgement.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

REPAYMENT

Principal of the Loan is repayable according to the following table. The balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable in full on the Maturity Date indicated below.

Loan 226186-01

Regular

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
1	Once	8,930.00	28/01/2023	28/01/2023
179	Monthly	8,330.00	28/02/2023	28/12/2037

In addition, interest is payable monthly on the 28th day of the month (the "Payment Date 01") commencing on the next occurring Payment Date 01 following the first advance on the Loan.

Maturity Date: December 28, 2037 (the "Maturity Date 01").

PREPAYMENT

Annual Prepayment Privilege: Provided that the Borrower is not in default of any of its obligations to BDC, the Borrower may, once in any 12 month period, prepay up to 15% of the outstanding principal on any Loan without indemnity. The first prepayment can be made at any time more than one year after January 11, 2022. The prepayment privilege is not cumulative and each prepayment on an individual Loan must be at least 12 months subsequent to the last prepayment on that same loan. The prepayment privilege is not transferable from one individual Loan to another and is not applicable if any Loan is being repaid in full. If the loan is prepaid in full within 30 days following receipt of the amount paid as a prepayment privilege, BDC will calculate a prepayment indemnity, effective the day the full balance is repaid, on the amount of the last received prepayment privilege and add it to the prepayment indemnity calculated on the full remaining balance being repaid.

Prepayment Indemnity: In addition to the annual prepayment privilege, the Borrower may prepay at any time all or part of the principal provided that the Borrower pays the interest owing up to the time of the prepayment together with an indemnity equal to:

If the interest rate on the Loan is a floating rate:

- three months further interest on the principal prepaid at the floating interest rate then applicable to the Loan.

If the interest rate on the Loan is a fixed rate:

- the sum of (a) three months further interest on the principal prepaid at the fixed interest rate then applicable to the Loan; and (b) the Interest Differential Charge.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the "Security"):

Loan 226186-01

1. First readvanceable mortgage in the principal amount of \$1,700,000 on land and buildings (PID# 82540097) located at 121 Seal Point Road, Upper Port La Tour, NS . Property to be owned by Atlantic Oriental Wholesale (AOW) Inc. Building location survey or title insurance required.
2. Guarantee of Jun Tak Kim for 25% of the Loan amount outstanding on the date BDC demands payment under this guarantee. The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.
3. General Security Agreement from Atlantic Oriental Wholesale (AOW) Ltd. providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to priority on inventory and receivables to lender extending line of credit.
4. Postponement of shareholder loan totalling \$200,000 from Jun Tak Kin. Interest may not be paid.

DISBURSEMENT

The Loan funds shall be disbursed as follows:

Loan 226186-01

1. Following the Borrower's full contribution, if applicable, BDC will disburse via the external solicitor up to 100% of the project element BDC is financing multiplied by maximum of 100% of the amount requested in the Quantity surveyor's report (excluding taxes) until the total amount disbursed by BDC reaches \$1,500,000.

Prior to each BDC disbursement, the Borrower must submit the following documents:

A report, certified by a Quantity surveyor acceptable to BDC, establishing in detail:

- The stage of completion of the construction project (detailed by project component);
- Any change (proposed or planned) to the initial budget, plans and specifications with the value of these changes;
- The amount and purpose of advances required for the current period and the expenses incurred and paid, including, if applicable, the Borrower's full contribution to Funding of the expenditures under the Loan Purpose (excluding applicable taxes);
- The budgeted costs to be incurred to complete the project;
- The holdback amounts, required by all parties, including BDC (when required under applicable provincial or territorial legislation).

BDC may, in its sole discretion, require additional and more detailed reporting.

Disbursements to be made first directly to unpaid suppliers/and or contractors as confirmed by the quantity surveyor. Balance of funds to be paid directly to RBC to be applied to the LOC. If there are any remaining monies undisbursed, the funds may be cancelled or disbursed at the discretion of the Bank.

2. Prior to Security being placed, \$300,000 of this Loan (a "Fast Track Disbursement") may be disbursed if:
 - 1) BDC receives a promissory note for the full amount of the disbursement signed by each of:
 - Atlantic Oriental Wholesale (AOW) Incorporated represented by a duly authorized representative;
 - Jun Tak Kim in his/her personal capacity as guarantor of the Loan;
 - 2) And provided that the following conditions have been met (without requiring satisfaction of any other conditions contained in the Conditions Precedent section in this Letter of Offer):
 1. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
 2. No Default or Event of Default shall have occurred.
 3. No Material Adverse Change shall have occurred.

Invoices evidencing expenditures under the Loan Purpose covered by this Fast Track Disbursement will be required prior to any subsequent disbursement. It will be an Event of Default on the Loan if the Borrower and any other required parties fail to execute and deliver all required Security to BDC within 30 days after BDC provides a written request to the Borrower to do so.

When all the required Security and conditions set out in this Letter of Offer have been completed to BDC's satisfaction, the promissory note will be irrevocably cancelled.

Unless otherwise indicated above, funds for each Loan account number shall be disbursed to BDC's solicitor or notary mandated by BDC for security taking for the Loan.

CONDITIONS PRECEDENT

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.
2. Satisfactory review of all financial information relating to each Loan Party and its business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred.
5. Provision of documents evidencing expenditures under the Loan Purpose, if applicable.
6. Satisfaction of all applicable disbursement conditions contained in the Disbursement section of this Letter of Offer.
7. Provide a Notice to Reader financial statement prepared by an external CPA as of December 31, 2020, which shows no Material Adverse Change in the financial position of Atlantic Oriental Wholesale Incorporated in the draft financial statements dated December 31, 2020. These financial statements must report:
 - a) Minimum Revenue of \$9,000,000

- b) Minimum Net Profit of \$335,000
- c) Minimum Tangible Equity of \$2,000,000
- 8. Provide confirmation via a bank statement(s), investments statement(s) and/or home equity line of credit statement confirming the availability of at least \$200,000 to invest into the loan program. Additional information may be required at the sole discretion of the Bank.
- 9. Submit a Phase I – Environmental Site Assessment Report prepared by an external consultant commissioned by / acceptable to BDC for the property located at 121 Seal Point Road, Upper Port La Tour NS. The contents and the conclusions of the Report(s) must all be acceptable to BDC. The Borrower is responsible for the payment of all charges relative to the preparation of the report(s).
- 10. Prior to the first disbursement, the Borrower will provide BDC with a written confirmation by a quantity surveyor that the plans and specifications for the construction project were made by an architect.
- 11. Provide confirmation that operating line of credit with at least \$1,500,000 limit remains in place, the client is overall good standing with total borrowings provided by RBC subsequent to the program financing.
- 12. Confirmation of that all CRA remittances for HST, source deductions and income taxes are current.

LAPSING DATE

Loan 226186-01

Lapsing Date: January 11, 2023 (the "Lapsing Date 01").

Any undisbursed portion of a Loan shall lapse and be cancelled on the occurrence of the earliest of the following events:

- a) on the applicable Lapsing Date indicated above; or
- b) on the date the Borrower notifies BDC of its intention to cancel the Loan; or
- c) on the date BDC issues a notice to the Borrower that an Event of Default has occurred and that BDC has terminated its obligation to make any further advances under the Loan.

Each of the above is hereby considered a "Lapsing Event" and shall be subject to Cancellation Fees as provided for in this Letter of Offer.

UNDERLYING CONDITIONS

The following conditions shall apply throughout the term of the Loan:

- 1. You agree to assume all program cost overruns without prejudice to the security held by BDC.
- 2. Upon written request, BDC will permit the repayment of the shareholder loan based on receipt of the the annual review engagement financial statements for Atlantic Oriental Wholesale (AOW) Incorporated commencing December 30, 2023 if the following ratio is maintained.
 - (i) Maintain at all times a Fixed Charge Coverage Ratio (FCCR) equal to or greater than 1.10:1.00.

REPRESENTATIONS AND WARRANTIES

The Loan Parties make the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Loan Parties pursuant to the Loan Documents.

COVENANTS

Each Loan Party shall perform the covenants in Schedule "A" – Section III. These covenants shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Loan Parties pursuant to the Loan Documents.

REPORTING OBLIGATIONS

The Borrower shall provide to BDC the following financial statements and other documents:

Company	Type	Frequency	Period Ending
Atlantic Oriental Wholesale (AOW) Incorporated	Review Engagement	Annual	December

The above annual financial statements and other documents indicated as required annually shall be provided to BDC within 90 days following the applicable Period Ending.

If financial statements or other documents are required more frequently than on an annual basis, same shall be provided to BDC within 30 days following each applicable Frequency.

In addition, the Borrower shall provide any other financial and operating statements and reports as and when BDC may reasonably require.

The Loan Parties also agree that the Reporting Obligations above shall apply to all other existing BDC loans to the same Borrower, if any, and the letter(s) of offer for such existing loans are deemed amended accordingly. Furthermore, such amended Reporting Obligations shall continue to be effective in respect of said existing letters of offer notwithstanding that this Letter of Offer may be reimbursed or cancelled.

EVENTS OF DEFAULT

The occurrence of any of the events listed in Schedule "A" – Section IV constitutes an event of default under the Letter of Offer (each an "Event of Default"). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC's option, terminate and BDC may, at its option, demand immediate payment of the Loan and enforce any Security. Notwithstanding any other provision of this Letter of Offer or any other Loan Document, the parties hereto agree that the time limited for commencement of any action to enforce the obligations of the Borrowers and Guarantors, including the enforcement of any Security, shall not commence until BDC has issued a written demand for full payment of the Loan.

The exercise by BDC of any of its rights shall not preclude it from exercising any other rights resulting from this Letter of Offer or Loan Documents, as BDC's rights are cumulative and not alternative. No action or omission on the part of BDC shall constitute or imply a renunciation of its rights to determine that a Default or Event of Default has occurred or to avail itself of its rights resulting therefrom.

FEES

Cancellation Fee

If the Loan is not fully disbursed due to a Lapsing Event, regardless of the reason for the Lapsing Event, the Loan Parties shall pay BDC a cancellation fee in proportion to the percentage of the Loan that is cancelled, based on the amount below being the fee if 100% of the Loan is cancelled. No cancellation fee will be payable if less than 50% of the Loan is cancelled. If the Loan includes funds to refinance an existing BDC Loan, those funds shall be excluded from the calculation of the percentage of the Loan that is cancelled.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC's damages should the Loan be cancelled or allowed to lapse in whole or in part.

Loan 226186-01

Cancellation Fee: \$45,000.00 (the "Cancellation Fee 01").

Standby Fee

The Loan Parties shall pay BDC a non-refundable standby fee calculated at a rate as indicated below on the portion of the Loan which has not been advanced or cancelled. This fee shall be calculated daily and be payable in arrears commencing on the date indicated below and on each Payment Date thereafter.

Loan 226186-01

Rate: 1.50% per annum

Date: July 11, 2022

Legal Fees and Other Expenses

The Loan Parties shall pay, on demand, all legal fees and expenses and other out-of-pocket costs of BDC, incurred in connection with the Loan and the Loan Documents, whether or not any documentation is entered into or any advance is made to the Borrower. All legal and other out-of-pocket expenses of BDC in connection with any amendment or waiver related to the Loan and the Loan documents shall also be for the account of the Loan Parties.

All costs, fees, expenses and protective disbursements incurred for the enforcement of the Loan and the Loan Documents are payable by the Loan Parties, including the full amount of all legal and professional fees and expenses paid by BDC at the rate at which those amounts are billed to BDC.

Loan Management Fee

The Loan Parties shall pay BDC an annual management fee as indicated below. This management fee is payable annually on the Payment Date immediately following each anniversary of the first advance of the specific Loan account number. This fee is non-refundable and is subject to change at BDC's sole discretion, acting reasonably, effective upon the Borrower's receipt of written notification from BDC, to cover additional costs or fees incurred in the management of the Loan, including, but not limited to, resulting from the Borrower's failure to remit financial statements or other documents as required under the Letter of Offer.

Loan 226186-01

\$750.00 per year (the "Management Fee 01").

Transaction Fees

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

CONFLICTS

The Loan Documents constitute the entire agreement between BDC and the Loan Parties. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

INDEMNITY

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

GOVERNING LAW

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

SUCCESSORS AND ASSIGNS

The Letter of Offer shall extend to and be binding on each Loan Party and BDC and their respective permitted successors and assigns. BDC, in its sole discretion, may assign, sell or grant participation in (a "transfer") all or any part of its rights and obligations under the Loan or the Loan Documents to any third party, and the Loan Parties agree to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under the Loan Documents as if it were a party to them, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under the Loan or Loan Documents it assigns. BDC may disclose information it has in connection with the Borrower or any Loan Party to any actual or prospective transferee. No Loan Party shall have the right to assign any of its rights or obligations

under or pursuant to the Loan Documents without BDC's prior written consent.

ACCEPTANCE

The Letter of Offer and any modification of it may be signed and accepted by an original ink signature or by electronic signature as permitted by BDC, and may be delivered on paper, fax, or in an electronic format (PDF) through BDC's electronic client portal, or any other electronic means of communication acceptable to BDC. It may also be signed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

SCHEDULE

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

LANGUAGE CLAUSE

The parties hereby confirm their express wish that the Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned.

Susan Wareham

Susan Wareham
Senior Client Relationship Officer
Phone: (709) 489-2292
Fax: (709) 489-6569
susan.wareham@bdc.ca

Tyler Scott

Tyler Scott
Senior Account Manager
Phone: (902) 426-9014
tyler.scott@bdc.ca

ACCEPTANCE

Each Loan Party hereby accepts the terms and conditions set forth above and in the attached Schedule "A".

This _____ day of _____, 20____.

Atlantic Oriental Wholesale (AOW) Incorporated

E-SIGNED by Jun Tak Kim
on 2022-01-13

_____, Authorized Signing Officer

Name: _____

[Please print name of signing party]

GUARANTOR(S)

E-SIGNED by Jun Tak Kim
on 2022-01-13

Jun Tak Kim

January 12, 2022

SECTION I - DEFINITIONS

A. General Definitions:

"BDC's Base Rate" – means the annual rate of interest announced by BDC through its offices from time to time as its base rate and, as the case may be, subject to a discount for the duration, applicable to each of BDC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

"BDC's Floating Base Rate" – means the annual rate of interest announced by BDC through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's Floating Base Rate.

"BDC's US Dollar Floating Base Rate" – means the 1-month US Dollar floating base rate set the last business day of each month for the following month for determining the floating interest rates on US Dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's US Dollar Floating Base Rate. BDC's US Dollar Floating Base Rate for the period from the date of the first advance on the Loan to the first business day of the following month will be the 1-month US Dollar floating base rate as established by BDC on the first business day of the month in which the funds are disbursed. Thereafter, the 1-month US Dollar Floating Base Rate may vary on the first business day of each month.

"Change of Control" – means any operation or series of transactions pursuant to which the Control of a Person is transferred from one Person to another or required by a Person, or any binding undertaking to proceed with any such operations.

"Control" – means the power to, directly or indirectly, acting alone or together with other Persons, direct or cause the direction of the management, business, affairs or policies of a Loan Party, whether through ownership of partnership interests, trust interests, or voting securities, by contract or otherwise, including, but without limiting the generality of the foregoing, in the case of a corporation, a Person is deemed to control a corporation if such Person (or such Person and its affiliates) holds, directly or indirectly, more than fifty per cent (50%) of the voting rights of the corporation. For the purposes of this definition, indirect control will include, without limitation, control that is exercised by one Person over another, through an intermediary that is controlled by the first.

"Corresponding Fixed Interest Rate Plan" – means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).

"Default" – means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default.

"Equity Interests" – means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated) of such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, which carry the right to vote on the election of directors or individuals exercising similar functions in respect of such Person and/or which entitle their holder to participate in the profits of such Person.

"Interest Adjustment Date" – means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"Interest Differential Charge" – means, in respect of the prepayment of the Loan or any portion of the Loan on a fixed interest rate plan, if, on the date of the prepayment, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the fixed interest rate plan, whichever is most recent, the amount calculated as follows:

- (i) the difference between the two rates;
- (ii) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date (or the maturity of the principal if earlier);
- (iii) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate. In the case of partial prepayment, the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the

principal outstanding on the Loan at the time prepayment is received. If the Loan is secured by a mortgage or a hypothec on real estate and the Loan is prepaid in full after 5 years from the date of the mortgage or hypothec, the Interest Differential Charge shall not be payable if the mortgage or hypothec is given by an individual and shall only be payable if permitted under the *Interest Act*.

"Interest Expiration Date" – means the date on which a fixed interest rate plan expires.

"Loan" – shall have the meaning indicated in the Letter of Offer, or, as the context may require, at any time the unpaid principal balance of the Loan.

"Loan Documents" – means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Loan Party" – means either the Borrower or the Guarantor and "Loan Parties" means collectively each of the Borrower and the Guarantor.

"Material Adverse Change" – means:

- (i) a material adverse change in, or a material adverse effect upon, the business, assets, properties, liabilities (actual or contingent), operations, condition (financial or otherwise), or prospects, of any Loan Party, or any Person who Controls a Loan Party;
- (ii) a material impairment of the ability of any Loan Party to perform any of their obligations under any Loan Document; or
- (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document.

"Person" – includes any natural person, corporation, company, limited liability company, trust, joint venture, association, partnership, limited partnership, governmental authority or other entity, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative and any other form of organization or entity whatsoever.

"Public Issuer" – means any Loan Party whose Equity Interests are listed or posted for trading on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange or over-the-counter market acceptable to BDC.

"Public Issuer Notice" – means a written notice delivered by a Public Issuer to BDC as described in the Covenants section of this Schedule "A".

B. Financial Definitions – the following definitions apply if used in this Letter of Offer:

"Adjusted EBITDA" – means EBITDA adjusted by gains/losses on disposal of assets, other non-cash adjustments presented in the statement of cash flow and all extraordinary items presented as per GAAP financial measures.

"ASPE" – means accounting standards for private enterprises. ASPE are the Canadian generally accepted accounting principles (GAAP) approved by the Accounting Standards Board for private enterprises in Canada who have not elected to adopt IFRS.

"Available Funds" – means in respect of any Loan Party for any period of 12 months, the sum of the net profits before non-recurring or non-operating items that are not related to normal operations (as designated by the external accountant) plus depreciation and amortization; plus deferred income taxes; and minus dividends.

"Available Funds Coverage Ratio" – means the ratio of Available Funds over the Current Portion of Term Debt.

"Capital Expenditures" – means, with respect to any period of 12 consecutive months, all payments or accruals for any (i) property, plant and equipment, (ii) intangible assets and (iii) development costs that are required to be capitalized under GAAP.

"Current Portion of Term Debt or CPTD" – means the scheduled principal payments on Term Debt and lease payments on capital leases over the next 12-month period.

"Debt-to-capital ratio" – means the ratio of (A) the sum of (i) outstanding operating line of credit and (ii) Term Debt, by (B) the sum of (i) outstanding operating line of credit, (ii) Term Debt, and (iii) Tangible Equity.

"Distributions" – means, for any period of 12 consecutive months, the total of the following:

- (i) the payment or declaration of any dividend (or distribution in case of a partnership or trust);
 - (ii) the purchase, redemption or other acquisition or retirement of any capital stock (including the premium paid);
 - (iii) the change in subordinated loans or advances from the shareholders, partners, directors, or other related entities; and
 - (iv) the change in loans or advances to the shareholders, partners, directors, or other related entities.
- The sum of items (i), (ii), (iii) and (iv) cannot be negative.

"EBITDA" – means earnings before Interest Expenses, taxes, depreciation, and amortization.

"Fixed Charge Coverage Ratio or FCCR" – means the ratio of (A) Adjusted EBITDA for such period less (i) current income taxes during such period taken from the annual financial statements, (ii) Unfunded Capital Expenditures incurred during the applicable period, (iii) Distributions paid during such period; by (B) the sum of (i) CPTD and (ii) the Interest Expenses for such period.

"GAAP" – means Generally Accepted Accounting Principles, with respect to broad principles and conventions of general application as well as rules and procedures that determine accepted accounting practices at a particular time (including, without limitation, IFRS, ASPE, US GAAP, etc., as the case may be). Unless otherwise specifically provided herein, any accounting term used in this Letter of Offer shall have the meaning customarily given such term in accordance with GAAP and all financial computations hereunder shall be computed in accordance with GAAP consistently applied.

"IFRS" – means International Financial Reporting Standards. IFRS are the Canadian generally accepted accounting principles (GAAP) approved by the Accounting Standards Board for publicly accountable enterprises and other categories of reporting entities who are permitted, but not required, to apply this set of standards.

"Interest Expenses" – means financial expenses (i.e., bank charges as well as interest on short-term and long-term debt, on Subordinated Debt, and on capital leases) as reflected in the statement of earnings.

"Subordinated Debt" – means debt with or without a convertible feature and with or without a variable return that normally ranks behind that of the senior secured lenders. Depending on the structure, the instrument of return may include interest, fixed/variable bonuses, royalties, bonus equity, warrants, or dividends.

"Tangible Equity" – means the sum of the share capital (owners' capital for non-incorporated businesses); plus retained earnings (accumulated net income); plus contributed surplus; plus postponed loans or advances from the shareholders (owners) and related businesses; minus loans or advances to the shareholders (owners), directors, related or non-related entities; minus the book value of shares redeemable at the holder's option, or shares subject to a formal redemption agreement.

"Term Debt" – means the sum of the long-term debt, the Subordinated Debt, and the capital leases including the current portion to be paid over the next 12 months; plus the redemption amount of shares redeemable at the holder's option, or shares subject to a formal redemption agreement.

"Term Debt to Tangible Equity Ratio" – means the ratio of the Term Debt over the Tangible Equity.

"Total Debt/Adjusted EBITDA Ratio" – means the ratio of (A) the sum of (i) outstanding operating line of credit and (ii) Term Debt; by (B) Adjusted EBITDA.

"Unfunded Capital Expenditures" – means, with respect to any period of 12 consecutive months, the aggregate of all Capital Expenditures incurred less the sum of (i) net cash proceeds generated from the sales of tangible and intangible assets, (ii) issuance of net new Term Debt, and (iii) issuance of new equity.

"Working Capital" – means the total of current assets minus the total of current liabilities. Current assets includes, but is not limited to, the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities includes, but is not limited to, the following: bank advances, cheques in transit, accounts payable (trade and other) and the Current Portion of Term Debt.

"Working Capital Ratio" – means the ratio of the total current assets over the total current liabilities. Current assets includes, but is not limited to, the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities includes, but is not limited to, the following: bank advances, cheques in transit, accounts payable (trade and other) and the Current Portion of Term Debt.

SECTION II - REPRESENTATIONS AND WARRANTIES

Each Loan Party hereby represents and warrants to BDC that:

1. It is a sole-proprietorship, partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.
2. The execution, delivery, and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. No Default or Event of Default exists.
6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.
7. There is no ongoing, pending or threatened claim, action, prosecution or proceeding of any kind before any court, tribunal, government board or agency including but not limited to non-compliance with environmental law or arising from the presence or release of any contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.
8. Neither the Loan Party, nor any Person who Controls the Loan Party, nor any officer, director or shareholder of a Loan Party, has been charged with, pled guilty to, or has been convicted of, a criminal offence (other than a conviction for which a Pardon has been granted or other than a criminal offence which has been disclosed in writing to BDC prior to issuing this Letter of Offer).
9. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

SECTION III - COVENANTS

Each Loan Party shall:

1. Perform their obligations and covenants under the Loan Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC immediately of the occurrence of any Default under the Letter of Offer or any other Loan Documents.
4. Comply with all applicable laws and regulations.
5. Observe BDC's insurance requirements:
 - a. Keep all secured assets insured for physical damages and losses on an "All-Risks" basis, including Equipment Breakdown (or Boiler & Machinery) where applicable, for their full replacement value and cause all such insurance policies to name BDC as loss payee as its interests may appear. The policies shall also name BDC as mortgagee and include a standard mortgage clause in respect of buildings over which BDC holds Security;
 - b. Maintain adequate Marine and/or Aviation insurance for all secured Aircraft or Marine vessels;
 - c. If required as further Security, assign or hypothecate all insurance proceeds to BDC;
 - d. If requested by BDC, maintain adequate Commercial General Liability insurance, and/or Environmental Liability and Clean-Up insurance, including BDC as additional insured to protect it against any losses or claims arising from pollution or contamination incidents, or other risks associated with the Borrower's business, or any other type of insurance BDC may reasonably require;
 - e. Ensure that all insurance policies include a 30-days prior notice of cancellation clause in favour of BDC;
 - f. Provide certificates of insurance for all such policies; and
 - g. Maintain all insurance policies in effect to BDC's standards for the duration of the Loan.

6. Notify BDC immediately of any material loss or damage to their property.
7. Without limiting the generality of paragraph 4 above, in relation to their business operations, projects and all assets of any nature, operate in conformity with all environmental laws and regulations; make certain that their assets are and shall remain free of environmental damage; inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority.
8. Promptly pay all government remittances, assessments and taxes and provide BDC with proof of payments as BDC may request from time to time. Specifically regarding real estate property or other taxes on lands mortgaged to BDC, if a Loan Party fails to pay any instalment of such taxes when due, BDC may, in its sole discretion, provide written notice to the Borrower requiring the Loan Parties to pay BDC monthly payments as calculated by BDC to establish a tax reserve account, and in such event, the Loan Parties hereby authorize BDC to collect monthly pre-authorized payments and to pay the relevant taxing authority as required. No further consent from the Loan Parties shall be required. Should there be insufficient funds to satisfy the taxes owing, the Loan Parties will pay the shortfall. BDC will not be responsible for funding the shortfall or any arrears, including interest and other charges. The Loan Parties shall either instruct the taxing authority to forward a copy of the tax notice to BDC or shall deliver a copy to BDC upon receipt. Funds in this reserve account will earn interest in accordance with BDC's policy then in effect and will be held by BDC as Security for the Loan. After Default, BDC will not have any ongoing responsibility to pay the taxes and any funds in the reserve account may be applied towards any amounts owing to BDC.
9. Promptly furnish to BDC such information, reports, certificates, and other documents concerning any Loan Party as BDC may reasonably request from time to time, including, but not limited to, information regarding the ownership and control of any Loan Party.
10. Not, without the prior written consent of BDC:
 - a. Change the nature of their business;
 - b. Change their jurisdiction of incorporation, formation or continuance, or the jurisdiction in which their chief place of business, chief executive office or registered office is located;
 - c. Amalgamate, merge, acquire or otherwise restructure their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license; or
 - d. Permit or allow any transaction, including but not limited to the sale, transfer, or issuance of an Equity Interest, that would result in a Person who is not a Loan Party acquiring:
 - (i) a direct Equity Interest in a Loan Party; or
 - (ii) an indirect Equity Interest in a Loan Party of 25% or more. For the purposes of this subparagraph (ii), an indirect Equity Interest means an Equity Interest held by a Person through one or more intermediaries.

This paragraph (d) shall not apply to the sale, transfer, or issuance of any Equity Interests in a Public Issuer.
11. When a Loan Party is Public Issuer:
 - a. deliver a notice to BDC for its review and approval, within 5 business days after any Person or group of Persons, acting jointly or in concert, directly or indirectly, acquire Equity Interests resulting in the ownership of 20% or more of the Equity Interests of such Public Issuer. This Public Issuer Notice shall contain the names and addresses of any Person or group of Persons that acquired such Equity Interests together with the details of the Equity Interests so acquired; and
 - b. repay the Loan in full, including accrued interest, costs and any other outstanding amounts, within 60 days from the date on which BDC notifies the Borrower in writing that BDC, in its sole discretion, is not satisfied with the issuance or transfer of Equity Interests identified in the notice required by paragraph (a) above.

Additional Covenants: Ineligible Activities

In addition to the above list of Covenants, no Loan Party shall engage in, or permit their respective shareholders, directors or officers to engage in, or permit their premises to be used by a tenant or other Person for, any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

- a. businesses that: 1) are engaged in or associated with illegal activities or fail to comply with applicable Canadian legislation that restricts dealings, including trade, between Canadians and governments or

residents of countries that are proscribed by the Canadian government or illegally trade in proscribed goods; 2) violate applicable laws with respect to human rights, labour, the environment and anti-corruption; or 3) violate standards with respect to public health and safety or professional conduct, in each case as prescribed by applicable law or by a professional governing body;

- b. businesses that promote violence, incite hatred, or discriminate on any basis protected under the Canadian Human Rights Act; or
- c. businesses that operate any form of sexually exploitive business or disseminate media content that is sexually explicit.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this section shall also apply to any entity that directly or indirectly controls, is controlled by, or that is under the common control with, any Loan Party.

SECTION IV - EVENTS OF DEFAULT

1. Any Loan Party fails to pay any amount owing under or pursuant to the Loan Documents.
2. Any Loan Party fails to satisfy, comply with, or perform any covenant or other obligation under the Loan Documents.
3. Any Loan Party is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied or unwaived after any cure period provided in such other agreement.
4. Any representation or warranty made by any Loan Party herein or in any other Loan Document is breached, false or misleading in any material respect, or becomes at any time false.
5. Any schedule, certificate, financial statement, report, notice or other writing furnished by or on behalf of any Loan Party to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
6. The occurrence of a Material Adverse Change.
7. Any Loan Party becomes insolvent or generally fails to pay, or admits in writing its inability or refusal to pay its debts as they become due; or any Loan Party applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Loan Party or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for any Loan Party or for a substantial part of the property of such Loan party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of any Loan Party; or any Loan Party takes any action to authorize, or in furtherance of, any of the foregoing.
8. Any Loan Party ceases or threatens to cease to carry on all or a substantial part of its business.
9. The death of any individual Loan Party or any person that Controls any Loan Party.
10. The occurrence of a Change of Control of a Loan Party without BDC's written consent.
11. Any Loan Party, who is a Public Issuer, fails to deliver a Public Issuer Notice when required to do so, or fails to repay the Loan in full, including accrued interest, costs and any other outstanding amounts, within 60 days after receiving written notice that BDC is not satisfied with the Public Issuer Notice.
12. Any Loan Party, any Person who Controls a Loan Party, or any officer, director, or shareholder of a Loan Party, is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).
13. Any Loan Party, any Person who Controls a Loan Party, or any officer, director, or shareholder of a Loan Party, is in violation of trade and economic sanctions imposed by the Parliament of Canada.

SECTION V - GENERAL TERMS AND CONDITIONS

Each Loan Party agrees to the following additional provisions:

Other Available Interest Rate Plans

Upon acceptance of the Letter of Offer, the Borrower can select one of BDC's other available fixed or floating interest rate plans. If the selection is made before the Acceptance Date, there is no fee and the selected plan shall be based on BDC's Base Rate in effect on the Loan Authorization Date. If the selection is made after the initial Acceptance Date, there is a fee and an Interest Differential Charge may apply. The new rate shall become effective on the date on which the written request is received by BDC. However, in the event of a period of increased interest rate volatility, which will be determined by a fluctuation of greater than 0.5% during the same transaction day of the yield to maturity of the five-year Canada bond benchmark, BDC reserves the right to suspend the borrower's right to switch from a floating interest rate plan to a fixed interest rate plan.

Standby Fee Date Change When Switching From Floating to Fixed Rate Plans – Not applicable to Equipment Line Loans

If the Borrower selects a floating rate interest plan at the time the Letter of Offer is accepted and subsequently switches to a fixed interest rate plan, the Standby Fee applicable to the Loan shall become payable as follows:

- a. if the change is made within 2 months after the Loan Authorization Date, the Standby Fee shall become payable 2 months after the Loan Authorization Date; or
- b. if the change is made more than 2 months after the Loan Authorization Date, the Standby Fee shall become payable on the date the new fixed interest plan takes effect.

There will be no change to the Standby Fee payment schedule if the Borrower elects to switch from a fixed rate interest plan to a floating rate interest plan.

Interest Adjustment Date

Provided no Default has occurred and is continuing, prior to each Interest Adjustment Date, BDC shall advise the Borrower of BDC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Loan shall be BDC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Loan is on a fixed interest rate plan with blended payments of principal and interest, the repayment schedule shall be adjusted on each Interest Adjustment Date. If the Borrower has not advised BDC in writing of its choice before an Interest Adjustment Date, the Loan shall automatically switch to BDC's floating interest rate plan on the Interest Adjustment Date with an interest rate being BDC's Floating Base Rate as adjusted by the Variance. Outstanding principal for blended payment loans shall then be divided in equal monthly instalments to be paid until Maturity Date.

In the event BDC should demand repayment of the Loan by reason of an Event of Default, any fixed interest rate applicable at the time of demand shall continue to apply to the Loan until full repayment and shall not be adjusted at the next Interest Adjustment Date.

Pre-Authorized Payment

All payments provided for in the Letter of Offer must be made by pre-authorized payments from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

Application of Payments

All payments shall be applied in the following order:

1. any prepayment indemnity (including the monthly interest and Interest Differential Charge)
2. protective disbursements;
3. standby fees (arrears and current);
4. arrears, in the following order: transaction fees, administration fees, management fees, interest and principal;
5. current balances, in the following order: transaction fees, management fees, interest and principal;
6. cancellation fees;
7. credits to the tax reserve account and asset maintenance and upgrade account, if applicable; and
8. other amounts due and payable.

Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

Consent to Obtaining Information

The Loan Parties hereby consent to BDC:

- a. collecting personal and business information and using such information for business, analytics and marketing purposes as described in the *Policy on confidentiality and use of personal and business information* (the "Policy") available at bdc.ca/en/confidentiality;
- b. sharing the personal and business information with BDC service providers only for them to provide the services BDC asks from them, such as processing credit verification, background checks and other matters explained in the Policy; and
- c. sharing the personal and business information with authorities in case of fraud or suspected fraud, and with other financial institutions to prevent or control fraud or when there is a breach of a financing agreement with BDC.

Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower's address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC's address above.

Joint and Several Liability

Where in the Loan Documents, any covenant, agreement, warranty, representation or obligation is made or imposed upon two or more Persons or a party comprised of more than one Person, each such covenant, agreement, warranty, representation or obligation shall be deemed to be and be read and construed as a joint and several (solidary in Quebec) covenant, agreement, warranty, representation or obligation of each such Person or party, as the case may be. Without limiting the generality of the foregoing, each Loan Party shall be jointly and severally (solidarity) liable with each other to BDC for the full performance of all obligations under the Loan Documents in accordance with the provisions thereof.

Anti-Money Laundering/Know Your Client

Each Loan Party acknowledges that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Loan Parties, their directors, authorized signing officers, shareholders and other Persons in Control of each Loan Party. Each Loan Party shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC or any prospective assignee or other financial institution participating in the Loan with BDC, in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

Confidentiality

The Loan Parties shall not disclose the contents of this Letter of Offer to anyone except its professional advisors.

Changes in Accounting Standards

In the event that a Loan Party adopts any changes in its accounting standards which have an effect on any provision in the Letter of Offer relying on financial statement calculations, BDC may amend such provision to reflect the original intent of the provision.



BDCID: 10027498145

March 3, 2022

Mr. Jun Tak Kim
Atlantic Oriental Wholesale (AOW) Incorporated
5889 Inglis St
Halifax, NS
B3H 1K7

Re: BDC Loan 226186-01

Dear Mr. Kim:

We write in reference to our Letter of Offer for Loan No. 226186-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan(s).

The amendments shall take effect upon receipt by BDC of the Acceptance Form duly signed by all signatories no later than May 22, 2022.

Amendments – Loan No. 226186-01:

UNDERLYING CONDITIONS

The following underlying conditions have been added to this Loan:

- You undertake to maintain Storage Tank Pollution Liability Insurance with the following conditions:
 - a. Limits of not less than \$1,000,000 per occurrence / aggregate
 - b. Coverage for:
 - i. Off-site third party cleanup costs;
 - ii. On-site cleanup costs including a First Party Discovery Trigger (coverage to apply irrespective of a third party claim or regulatory cleanup order);
 - iii. All aboveground and underground tank systems and associated piping located on or under the site, located at 121 Seal Point Road, Upper Port La Tour, NS;
 - iv. Loss arising from loading/unloading;
 - c. BDC to be named as an Additional Insured;
 - d. Coverage is not subject to any time element discovery/reporting restrictions
 - e. 30 days prior written notice of cancellation clause in favour of BDC.The Storage Tank Pollution Liability Insurance will have to be effect for the duration of the loan.



CONDITIONS Precedent

The following conditions precedent have been added to this Loan:

- Provide evidence that Storage Tank Pollution Liability Insurance is in effect with the following conditions:
 - a. Limits of not less than \$1,000,000 per occurrence / aggregate
 - b. Coverage for:
 - i. Off-site third party cleanup costs;
 - ii. On-site cleanup costs including a First Party Discovery Trigger (coverage to apply irrespective of a third party claim or regulatory cleanup order);
 - iii. All aboveground and underground tank systems and associated piping located on or under the site, located at 119-121-123-125-127 Seal Point Road, Upper Port La Tour, NS (PID 82540097);
 - iv. Loss arising from loading/unloading;
 - c. BDC to be named as an Additional Insured;
 - d. Coverage is not subject to any time element discovery/reporting restrictions
 - e. 30 days prior written notice of cancellation clause in favour of BDC.
- The Storage Tank Pollution Liability Insurance will have to be effect for the duration of the loan.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

Simon Richard

Simon Richard
Senior Client Relationship Officer
Phone: (506) 378-3753
Simon.Richard@bdc.ca

Tyler Scott

Tyler Scott
Senior Account Manager
Phone: (902) 426-9014
Tyler.Scott@bdc.ca

Encl.

Business Development Bank of Canada
Cogswell Tower - Scotia Square
2000 Barrington Street, Suite 1400
Halifax, NS
B3J3K1

Attention: Tyler Scott

Re: BDC Loan 226186-01

The undersigned accept the terms and conditions set forth in BDC's Letter of Amendment dated March 3, 2022.

Signed this _____ day of _____, _____.
(date) (month) (year)

BORROWER(S)

Atlantic Oriental Wholesale (AOW) Incorporated

_____, Authorized Signing Officer

Name: _____
{Please print name of signing party}

GUARANTOR(S)

Jun Tak Kim



BDCID: 10027714251

March 29, 2022

Mr. Jun Tak Kim
Atlantic Oriental Wholesale (AOW) Incorporated
5889 Inglis St
Halifax, NS
B3H 1K7

Re: BDC Loan 226186-01

Dear Mr. Kim:

We write in reference to our Letter of Offer for Loan No. 226186-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan(s).

The amendments shall take effect upon receipt by BDC of the Acceptance Form duly signed by all signatories no later than June 28, 2022.

Amendments – Loan No. 226186-01:

UNDERLYING CONDITIONS

The following underlying conditions have been added to this Loan:

- You agree to provide the bank with satisfactory confirmation that the 909 L fibreglass fuel tank diesel above-ground storage tank currently on site at the southeast rear of 123 Seal Point Road, Upper Port La Tour, Nova Scotia has been properly removed by a qualified professional on or before May 31, 2022. This tank serves the oil-fired forced hot-air furnace for the northern side of the building.

If the tank has not been removed within this period of time, you agree to provide evidence that Storage Tank Pollution Liability Insurance is in effect with the following conditions :

- a. Limits of not less than \$1,000,000 per occurrence / aggregate
- b. Coverage for:
 - i. Off-site third party cleanup costs;
 - ii. On-site cleanup costs including a First Party Discovery Trigger (coverage to apply irrespective of a third party claim or regulatory cleanup order);
 - iii. All aboveground and underground tank systems and associated piping located on or under the site, located at 123 Seal Point Road, Upper Port La Tour, Nova Scotia;
 - iv. Loss arising from loading/unloading;
- c. BDC to be named as an Additional Insured;
- d. Coverage is not subject to any time element discovery/reporting restrictions



e. 30 days prior written notice of cancellation clause in favour of BDC.
The Storage Tank Pollution Liability Insurance will remain in effect for the duration of the loan.

Any failure to satisfy this condition will constitute an event of Default on this loan and will trigger a 0.5% increase to the current interest variance of this loan.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

Simon Richard

Simon Richard
Senior Client Relationship Officer
Phone: (506) 378-3753
Simon.Richard@bdc.ca

Tyler Scott

Tyler Scott
Senior Account Manager
Phone: (902) 426-9014
Tyler.Scott@bdc.ca

Encl.

Business Development Bank of Canada
Cogswell Tower - Scotia Square
2000 Barrington Street, Suite 1400
Halifax, NS
B3J3K1

Attention: Tyler Scott

Re: BDC Loan 226186-01

The undersigned accept the terms and conditions set forth in BDC's Letter of Amendment dated March 29, 2022.

Signed this _____ day of _____, _____.
(date) (month) (year)

BORROWER(S)

Atlantic Oriental Wholesale (AOW) Incorporated

E-SIGNED by Jun Tak Kim
on 2022-04-01

_____, Authorized Signing Officer

Name: _____
[Please print name of signing party]

GUARANTOR(S)

E-SIGNED by Jun Tak Kim
on 2022-04-01

Jun Tak Kim



BDCID: 10028072147

April 18, 2022

Mr. Jun Tak Kim
Atlantic Oriental Wholesale (AOW) Incorporated
5889 Inglis St
Halifax, NS
B3H 1K7

Re: BDC Loan 226186-01

Dear Mr. Kim:

We write in reference to our Letter of Offer for Loan No. 226186-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan(s).

BDC's consent to the amendments is subject to the following conditions being fulfilled to BDC's satisfaction and provided that no Material Adverse Change shall have occurred:

Provide Letter of Transmittal permitting BDC's use of the appraisal report prepared by Turner Drake & Partners Ltd. dated August 24, 2021, for subject property located at 121 Seal Point Road, Upper Port Latour, NS.

The amendments will take effect on the date when 1) BDC is in receipt of the attached Acceptance Form duly signed by all signatories and 2) all conditions contained in this letter, have been met to the satisfaction of BDC, in any case no later than July 14, 2022.

Amendments – Loan No. 226186-01:

SECURITY

The following existing Security relating to this Loan:

First readvanceable mortgage in the principal amount of \$1,700,000 on land and buildings (PID# 82540097) located at 121 Seal Point Road, Upper Port La Tour, NS . Property to be owned by Atlantic Oriental Wholesale (AOW) Inc. Building location survey or title insurance required.

is modified and is now replaced with:

First readvanceable mortgage in the principal amount of \$1,700,000 on land and buildings (PID# 82540097) located at 121 Seal Point Road, Upper Port La Tour, NS . Property to be owned by Atlantic Oriental Wholesale (AOW) Incorporated. Building location survey or title insurance required.



The following existing Security relating to this Loan:

General Security Agreement from Atlantic Oriental Wholesale (AOW) Ltd. providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to priority on inventory and receivables to lender extending line of credit.

is modified and is now replaced with:

General Security Agreement from Atlantic Oriental Wholesale (AOW) Incorporated providing a security interest in all present and after-acquired personal property, except consumer goods, subject to all existing and future registered charges, except charges in favour of a shareholder, director, officer or family member of any of those persons, or any entity in which any of those persons have an interest.

Except for the modifications expressly mentioned above, nothing in the above amendments with respect to the Security shall in any way alter the rights which BDC now or hereafter has or may have and resulting from the Security nor shall it alter in any way the liability of the remaining obligant(s) and/or guarantor(s), as the case may be.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

Tyler Scott

Tyler Scott
Senior Account Manager
Phone: (902) 426-9014
Tyler.SCOTT@bdc.ca

Danny Connors

Danny Connors
Manager, Business Centre
Phone: (902) 426-9678
Danny.CONNORS@bdc.ca

Encl.

Business Development Bank of Canada
Cogswell Tower - Scotia Square
2000 Barrington Street, Suite 1400
Halifax, NS
B3J3K1

Attention: Tyler Scott

Re: BDC Loan 226186-01

The undersigned accept the terms and conditions set forth in BDC's Letter of Amendment dated April 18, 2022.

Signed this _____ day of _____, _____.
(date) (month) (year)

BORROWER

Atlantic Oriental Wholesale (AOW) Incorporated

_____, Authorized Signing Officer

Name: _____
[Please print name of signing party]

GUARANTOR

Jun Tak Kim



BDCID: 10031216855

January 25, 2023

Mr. Jun Tak Kim
Atlantic Oriental Wholesale (AOW) Incorporated
5889 Inglis St
Halifax, NS
B3H 1K7

Re: BDC Loan 226186-01

Dear Mr. Kim:

We write in reference to our Letter of Offer for Loan No. 226186-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan(s).

These amendments are now in effect.

LOAN PURPOSE AND FUNDING

Loan Purpose and Funding for Loan No. 226186-01, has been amended as per the table below:

<i>Previous Loan Purpose and Funding</i>		<i>Amended Loan Purpose and Funding</i>	
Loan Purpose		Loan Purpose	
Aqua System	1,267,759	Aqua System	1,026,710
Electrical	159,901	Electrical	159,901
Materials / Labour	998,380	Materials / Labour	998,380
Equipment	237,804	Equipment	237,804
Contingencies	36,156		
Total	\$ 2,700,000	Total	\$ 2,422,795
Funding		Funding	
BDC 226186-01	1,500,000	BDC 226186-01	1,222,795
Working Capital	1,000,000	Working Capital	1,000,000
Shareholder Investment	200,000	Shareholder Investment	200,000
Total	\$ 2,700,000	Total	\$ 2,422,795



Amendments – Loan No. 226186-01:

LOAN AMOUNT

The amount of this loan is reduced from \$1,500,000.00 to \$1,222,795.00. As a result, this loan is now fully advanced.

REPAYMENT

Outstanding principal balance of this Loan, being \$1,222,795.00 is now repayable as follows:

Regular

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
1	Monthly	7,385.00	28/01/2023	28/01/2023
179	Monthly	6,790.00	28/02/2023	28/12/2037

Accordingly, the final payment will be due on December 28, 2037, (the "Maturity Date"). Interest remains payable monthly.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

Deborah Phillips

Deborah Phillips
Client Support Coordinator
Phone: (902) 564-7702
Deborah.PHILLIPS@bdc.ca

Tyler Scott


Tyler Scott
Senior Account Manager
Phone: (902) 426-9014
Tyler.SCOTT@bdc.ca

2024

Hfx No. _____

This is Exhibit "C" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6th day of March, 2024.




A Barrister of the Supreme Court
of Newfoundland and Labrador



MORTGAGE

MORTGAGOR:

ATLANTIC ORIENTAL WHOLESALE (AOW) INCORPORATED
"the Mortgagor",

MORTGAGEE: BUSINESS DEVELOPMENT BANK OF CANADA

"the Bank",

DATED: the *2* day of *March*, 2022

FOR: \$ 1,700,000.00 ("the Principal Sum") and other indebtedness.

1. DEBT

In consideration of the Principal Sum lent by the Bank to the Mortgagor, the Mortgagor promises to pay to the Bank, at such office of the Bank as it may direct, the aggregate of:

- (a) the Principal Sum outstanding from time to time, including all present and future advances and re-advances of the Principal Sum made after the repayment of any or all of the Principal Sum, provided that the total Principal Sum shall not at any time exceed the Principal Sum stated
- (b) all other present or future debts, liabilities or obligations of the Mortgagor hereunder, or under any letter of offer, commitment letter, guarantee, or any other agreement, with the Bank, including all future advances and re-advances, interest, and interest on overdue interest, whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by the Mortgagor to the Bank, as principal, guarantor, indemnitor or otherwise; and
- (c) interest on the Principal Sum at the rate equal to the floating base rate of the Bank for commercial and industrial loans denominated in Canadian dollars announced from time to time plus 10.00% per year, calculated monthly and payable monthly, both after as well as before maturity, default and/or judgment; provided, however, if the Mortgagor and the Bank have agreed in writing in any document constituting or giving rise to or respecting any Secured Obligations, or in any other agreement, that a different interest rate will apply thereto and be the Interest Rate for purposes hereof applicable to the Secured Obligations in question, then that different rate will apply ("the Interest Rate");

- (d) protective disbursements as provided for in clause 9, on demand;
- (e) interest on interest past due at the Interest Rate and calculated in the same manner as interest on the Principal Sum; and
- (f) interest on each protective disbursement from the day the protective disbursement is made, at the Interest Rate and calculated in the same manner as interest on the Principal Sum;

All of the foregoing are referred to as the "Secured Obligations".

2. SECURITY

As security for payment of the Secured Obligations and any other debt now or hereafter owed by the Mortgagor to the Bank, and for the performance of the other obligations of the Mortgagor hereunder, the Mortgagor grants, bargains and sells to the Bank the lands (including fixtures, appurtenances, leasehold improvements and rights of way) described in Schedule "A". The Secured Obligations may be reduced to zero from time to time without affecting the continuing nature of this Mortgage as security for any Secured Obligations thereafter incurred. This mortgage is void upon payment of those sums and debts and the performance of those other obligations and the Bank delivering to the Mortgagor a signed release of Mortgage. Notwithstanding the provisions of the *Land Registration Act* (Nova Scotia), the Bank shall not be required to record the release of this mortgage. In this mortgage the expression "the lands" means all lands including fixtures, appurtenances, leasehold improvements and rights of way mortgaged pursuant to this clause and the expression "structures" means buildings, structures, equipment and improvements on the lands or used in connection with the lands whether or not such is fixed to the lands. This mortgage is granted in addition to, and not in substitution for, any other security held to secure payment of the sums and debts mentioned in this clause.

3. MORTGAGE OF LEASE

If the Mortgagor's interest is as a lessee, sub-lessee, licensee or sub-licensee (collectively a "lessee") of the whole or any portion of the lands described in Schedule "A" pursuant to a lease:

- (a) the Mortgagor hereby demises, sub-leases and mortgages its interest and the lease to the Bank, by way of a sub-lease, except for the last day of the term of the lease (the "reversion") which is excepted out of the charge created by this mortgage but which shall be deemed to be held by the Mortgagor in trust for the Bank to be assigned or disposed of as the Bank or anyone claiming through the Bank may direct, and the Bank shall have power on any realization to appoint a new person as Trustee of the reversion;
- (b) if the lease cannot be effectively charged without consent, any charge intended to be created by this mortgage upon the Mortgagor's interest in the lease shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of such charge have been obtained or waived by all appropriate persons;
- (c) the Mortgagor represents to the Bank that the lease is valid and in good standing, in full force and effect and unsurrendered, the Mortgagor has the right to mortgage its interest and the lease to the Bank, all rents or other amounts payable under the lease have been paid

and all other obligations under the lease, whether of the Mortgagor or its landlord, have been performed or complied with;

- (d) the Mortgagor will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by the Mortgagor under the lease, including payment of rent;
- (e) the Mortgagor shall take no action or be guilty of any default which shall or may cause the lease to be terminated or forfeited, or, without the Bank's prior written consent, surrender or give any notice which would have the effect of terminating, or permitting the termination of, the lease;
- (f) the Mortgagor will promptly notify the Bank in writing of any default or of any condition that with or without the passage of time or the giving of any notice might result in a default under, or the termination of, the lease, and the Mortgagor will promptly cause a copy of each notice it receives under the lease to be delivered to the Bank;
- (g) in the event of any renewal, extension, replacement or substitution of the lease being created, the Mortgagor will immediately so advise the Bank, and provide the Bank with particulars of the same and a true copy of the subject instrument, and when the Bank requests, the Mortgagor will execute such further instrument as the Bank may require;
- (h) the Mortgagor will not during the continuance of this mortgage, without the Bank's prior written consent, modify, alter or suffer or permit any modification or alteration of the lease and any such altered or modified lease shall be charged by this mortgage;
- (i) the Mortgagor will promptly obtain from the lessor under the lease and deliver to the Bank, a certificate stating that the lease is in full force and effect, is unmodified or modified as the case may be, that no notice of termination thereon has been served on the Mortgagor thereunder, stating the date to which the rent has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any;
- (j) the Mortgagor shall not consent to the subordination of the lease to any mortgage of the interest of the lessor (or leasehold interest of the sub-lessor) thereof in the lands;
- (k) the Mortgagor will at the proper time and times take such proceedings, and make, do and execute such acts, deeds, matters and things as may be requisite for obtaining a renewal of the lease; and
- (l) the Mortgagor will hold the reversion and any renewals, extensions, replacements or substitutions thereof in trust for the Bank and the Mortgagor will assign and dispose of the same in such manner as the Bank may direct by notice in writing.

4. POSSESSION

The Mortgagor may have possession of the lands until the Bank otherwise directs and, upon such direction, the Bank may enter and have quiet enjoyment of the lands. The Mortgagor becomes a yearly tenant of the Bank at the monthly rent of the payments mentioned in this mortgage but the Bank shall be accountable for actual receipts only and after default may enter without notice.

5. FURTHER CONVEYANCES AND MORTGAGES

The Mortgagor shall not, without the written consent of the Bank, mortgage, convey, lease or charge the lands or any part of them.

6. COVENANTS

The Bank and the Mortgagor have entered into an agreement evidenced by an exchange of letters respecting the loan made in consideration of this mortgage; to the extent that they are not inconsistent with the provisions of this mortgage, the Mortgagor adopts and promises to perform the promises and covenants of the borrower in the agreement and, in addition to those promises or covenants and the promises or covenants evidenced by other clauses of this mortgage, the Mortgagor covenants with the Bank:

- (a) subject to the rights of the Bank pursuant to clauses 4, 12 and 13, the Mortgagor shall retain possession of the lands and it shall keep all the structures in good repair and it shall not allow waste in respect of the lands and it shall immediately notify the Bank of any damage to structures;
- (b) the Mortgagor has good title in fee simple to the lands, other than those lands that are expressed herein to be held in leasehold, and the right to convey the lands as hereby conveyed notwithstanding any act of the Mortgagor;
- (c) this mortgage constitutes a first charge on the lands described in Schedule "A" except for any encumbrance that the Bank approves in writing before the advance of funds hereunder;
- (d) the Mortgagor will procure such further assurances as the Bank may reasonably require and it shall do so at the Mortgagor's expense;
- (e) the Mortgagor shall discharge any debt or obligation that forms a lien, charge, or other encumbrance on the lands or any part of them or that may be the subject of a demand upon the Bank or an agent of the Bank in the event that the Bank enforces one of the remedies;
- (f) the Mortgagor shall discharge any debt or obligation in respect of which the lands or any part of them may be deemed to be held in trust and generally any debt or obligation that may affect the net amount the Bank can realize through enforcement of one of the remedies;
- (g) the Mortgagor, if it is a company, has taken all necessary corporate action to authorize the execution of this mortgage and to bind the Mortgagor to each of the terms of this mortgage and the Mortgagor shall maintain its corporate existence;
- (h) the Mortgagor shall maintain proper books of account and shall not alter or destroy its books of account or permit any incorrect entry therein nor shall it change the nature of its business;
- (i) on default the Bank may enter and have quiet enjoyment of the lands;
- (j) the Mortgagor shall purchase and maintain direct damage insurance against any insurable loss or damage that may be caused to any structure on such terms and to such limits as the Bank may prescribe in writing;
- (k) where the Bank has not otherwise prescribed terms or limits pursuant to subclause (j), the Mortgagor shall purchase and maintain direct damage insurance against any insurable loss

or damage to any structure for the replacement cost value of the structure and it shall cause each policy of insurance to indicate that loss is payable to the Bank and to include, in favour of the Bank, the current standard mortgage clause approved by the Insurance Bureau of Canada or a like clause approved in writing by the Bank;

- (l) in addition to direct damage insurance, the Mortgagor shall purchase such policies of insurance for the protection of any structure or the financial health of the Mortgagor as the Bank may require on such terms and to such limits as the Bank may prescribe in writing;
- (m) the Mortgagor shall, within 90 days of the year end of the Mortgagor's business, deliver to the Bank annual financial statements accurately stating the assets and liabilities and the income and expenses of the Mortgagor's business and such other information as the Bank may direct, and containing, if the Bank so directs, the opinion of an independent, qualified auditor;
- (n) the Mortgagor shall do all acts necessary to give the Bank access from time to time to the lands, all property in the control of the Mortgagor and all books and records of the Mortgagor;
- (o) the Bank and any of its agents, may at such time and from time to time, as the Bank deems necessary and without the concurrence of any person, enter upon any part of the lands and make arrangements for completing the construction, repairing or putting in of improvements, or for inspecting, appraising, taking care of, leasing, collecting the rents of, and generally managing any or all of the Mortgagor's interest, as the Bank may deem expedient, including the inspection and copying of the Mortgagor's books and records, whether located at the lands or elsewhere. Further, the Mortgagor consents to the Bank contacting and making inquiries of the Mortgagor's lessors/lessees, as well as environmental officials, assessors, municipal authorities and any taxing body; and
- (p) the Mortgagor shall carry on, in a proper business-like manner, the business or businesses it has represented to the Bank as being the present or prospective business of the Mortgagor, and shall maintain in good standing all necessary licenses, permits, approvals and consents, and shall comply with all laws, regulations and ordinances applicable to the Mortgagor's business.

7. ENVIRONMENTAL MATTERS

7.1 Definitions

- (a) "Environmental/Hazardous Materials Claims" means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against the Mortgagor or in respect of the lands described in Schedule "A" relating to the environment, health, safety, any Wastes/Hazardous Materials or any Environmental/Hazardous Materials Laws;
- (b) "Environmental/Hazardous Materials Laws" means laws, by-laws, rules, ordinances, regulations, notices, approvals, orders, licenses, permits, standards, guidelines and policies from time to time of any level of government or other authorized agency relating to the environment, health, safety or any Wastes/Hazardous Materials;

- (c) **"Wastes/Hazardous Materials"** means wastes, materials and substances the storage, manufacture, disposal, treatment, generation, use or transport of which is prohibited, controlled or licensed under any Environmental/ Hazardous Materials Laws, or the remediation or release of which into the environment is likely, immediately or in the future, to cause harm or degradation to any of the lands described in Schedule "A" or the environment, including contaminants, pollutants, corrosive substances, toxic substances, special wastes, substances deleterious to fish or wildlife, explosives, radioactive materials, asbestos, urea formaldehyde, and compounds known as chlorobiphenyls.

7.2 No Environmental Risks

The Mortgagor represents and agrees that:

- (a) the Mortgagor is not aware of any environmental risks or liabilities in connection with the lands described in Schedule "A" which have not been disclosed to the Bank and approved by the Bank in writing;
- (b) the operations on the lands described in Schedule "A" are and will be kept in compliance with all Environmental/Hazardous Materials Laws and the Mortgagor will ensure its staff is trained as required for such purpose;
- (c) the Mortgagor has an environmental emergency response plan and all the Mortgagor's officers and employees are familiar with that plan and their duties under it;
- (d) the Mortgagor possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary for the conduct of its business;
- (e) the lands described in Schedule "A" are and will remain free of environmental damage or contamination;
- (f) the Mortgagor will provide the Bank with copies of all communications from or to any person relating to Environmental/Hazardous Materials Laws and any Environmental/Hazardous Materials Claims in connection with the lands described in Schedule "A" that become known to the Mortgagor, and all environmental studies or assessments prepared for the Mortgagor, and the Mortgagor consents to the Bank contacting and making enquiries of environmental officials or assessors;
- (g) the Mortgagor will advise the Bank immediately upon becoming aware of any environmental problem relating to the lands described in Schedule "A" or the Mortgagor's business;
- (h) without limiting the above, the Mortgagor will not install in, on or under the lands described in Schedule "A" storage tanks for any Wastes/Hazardous Materials without the Bank's prior written consent and only upon full compliance with the Bank's requirements and the standards and requirements of all boards and governmental authorities having jurisdiction over the lands, and the Mortgagor's activities and assets.

7.3 Indemnity

The Mortgagor agrees to assume and be responsible for any and all environmental liabilities relating to the lands described in Schedule "A", including any liability for the clean-up of any Wastes/Hazardous Materials in, on or under the lands, and the Mortgagor agrees to protect, save harmless and indemnify the Bank, and any Receiver, and the Bank's respective directors, officers, employees and agents, direct and indirect successors and assigns, and the Bank's interest in the lands, from and against any and all claims, demands, liabilities, losses, damages and expenses, including legal fees and expenses, suffered by any of such persons arising out of or in connection with any and all environmental liabilities relating to the lands. The Mortgagor's liability will arise upon the earlier of the discovery of any Wastes/Hazardous Materials, and the institution of any Environmental/Hazardous Materials Claims, and will not be dependent upon the realization of any loss or damage or the determination of any liability. This indemnity and the Mortgagor's liability hereunder will survive after this mortgage and the charges created hereby have been discharged.

8. INSURANCE PROCEEDS

Notwithstanding subclause 6 (j) and (k), the Mortgagor hereby assigns, transfers and sets over to the Bank all policies of insurance now or hereafter made in respect of any structure and the proceeds of such policies of insurance. The Bank may dispose of moneys paid to it pursuant to a policy of insurance under this clause or subclause 6 (j) and (k) as follows:

- (a) it may hold the moneys as further security for the payment of the Secured Obligations;
- (b) it may use the moneys to restore or improve the lands;
- (c) it may apply the moneys in reduction of the Secured Obligations; or
- (d) it may deliver the moneys to the Mortgagor under such terms or conditions as the Bank may prescribe.

9. PROTECTIVE DISBURSEMENTS

The Bank may, without notifying the Mortgagor, purchase any material or service and make any payments to preserve, protect or enhance the lands or to remedy any default by the Mortgagor in respect of any promise or covenant contained in this mortgage and, without restricting the generality of the foregoing, the Bank may make such purchases or payments to:

- (a) retire fees, expenses and borrowings of a receiver;
- (b) acquire insurance against direct damage, liability to third parties or any other risk associated with the lands on such terms and at such limits as the Bank may find advisable;
- (c) discharge any lien, mortgage or encumbrance which, in the opinion of the Bank, has priority over this mortgage;

- (d) improve the title of the Bank or of any purchaser of the lands who purchases them through a sale having the effect of foreclosing the Mortgagor's interest in the lands or who purchases them from the Bank after the Mortgagor's interest in the lands has been foreclosed;
- (e) discharge any debt or obligation which the Bank may find should be discharged in order to better market, sell or protect the lands;
- (f) cause the lands to be inspected, investigated (including environmental audits), appraised, surveyed or subdivided;
- (g) cause the Mortgagor's books and records to be audited and the financial health of the Mortgagor's business to be investigated;
- (h) retire the fees, commissions or expenses of any agent retained by the Bank to market the lands;
- (i) retire all costs and expenses, including legal fees on a solicitor and client basis, in relation to the preparation, execution and delivery of this mortgage and any amendment or discharge of it, in relation to the collection of any amount due hereunder and in relation to the enforcement of any remedy including the actual fees and expenses who act on behalf of the Bank in proceedings for the appointment of a receiver, foreclosure, foreclosure and sale, judicial sale, sale by power of sale or possession of the lands;
- (j) pay the fees and expenses of a trustee in Bankruptcy of the Mortgagor, should the Bank determine to make itself liable for such;
- (k) retire all costs and expenses including fees on a solicitor and client basis in respect of any suit concerning this mortgage, any lands that may be mortgaged hereunder, the Bank's title to the lands, or the priority of the Bank's interest in the lands; and
- (l) cause any environmental rehabilitation, investigation, removal or repair necessary to protect, preserve or remediate the lands.

A purchase or payment mentioned in this clause is referred to in this mortgage as a "protective disbursement". The Bank is not obliged to make any protective disbursement. All protective disbursements, including solicitor and client fees and expenses upon foreclosure and sale, are secured by this mortgage and are payable out of the proceeds of the exercise of any remedy notwithstanding that the Bank's liability for the protective disbursement arises after or is discharged after a sale of the mortgaged property.

10. EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an Event of Default:

- (a) if the Mortgagor fails, or threatens to fail, to observe or perform any covenant, agreement, condition or obligation in the Bank's favour, whether or not herein contained, including the Mortgagor's failure to pay or perform any of the Secured Obligations when due;
- (b) if any representation, warranty or statement made to the Bank either by the Mortgagor or on its behalf and whether or not contained herein or elsewhere, is not or ceases to be true;

- (c) if the Mortgagor, or any other obligant to the Bank, or any other person liable, in respect of any of the Secured Obligations, ceases or threatens to cease to carry on the Mortgagor's or the other obligant's business, as the case may be, or any material part thereof or to sell all or substantially all of the Mortgagor's or the other obligant's assets, or becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or if a petition is filed, an order is made, a resolution is passed, or any other step is taken for the Mortgagor's, or such other person's, bankruptcy, liquidation, dissolution, winding-up or reorganization or for any arrangement or composition of the Mortgagor's or the other obligant's debts or any protection from the Mortgagor's or the other obligant's creditors;
- (d) if the Mortgagor is in default under any other charge of the lands described in Schedule "A" or under any indebtedness other than Secured Obligations, or the Mortgagor permits to accelerate any indebtedness (other than Secured Obligations) owed by the Mortgagor to any creditor other than the Bank;
- (e) if a Receiver, trustee or similar official of any of the Mortgagor's property is appointed;
- (f) if the Mortgagor is a corporation and any member or shareholder commences an action against the Mortgagor or gives notice of dissent to the Mortgagor in accordance with the provisions of any applicable legislation;
- (g) the holder of any other charge on, or claim against, any of the lands described in Schedule "A" does anything to enforce or realize on such charge or claim, or any execution, sequestration, or other process becomes enforceable against the Mortgagor, or if a distress, seizure or similar process is levied upon or exercised against any of the lands;
- (h) if the lessor under any lease to the Mortgagor of any of the lands described in Schedule "A" takes any step to or threatens to terminate such or otherwise exercise any of its remedies under such lease as a result of any default or alleged default by the Mortgagor under such lease;
- (i) if any of the lands described in Schedule "A" are destroyed, substantially damaged, expropriated, or designated or considered for designation as a contaminated site;
- (j) if any permit, licence, certification, quota or order granted to or held by the Mortgagor is cancelled, reduced or revoked, or any order against the Mortgagor is enforced, with the effect of preventing the Mortgagor's business from being carried on for more than five days or materially adversely changing the condition (financial or otherwise) of the Mortgagor's business;
- (k) if the Mortgagor sells, transfers, conveys, leases, assigns, releases, surrenders or otherwise disposes of or parts with possession of any of the lands described in Schedule "A" or agrees to do so;
- (l) if the Mortgagor is in arrears of payment to any taxing authority;
- (m) if the Mortgagor causes or allows hazardous materials to be brought upon the lands described in Schedule "A" or incorporated into any of the Mortgagor's assets without the Bank's prior consent, or if the Mortgagor causes, permits or fails to remedy any

environmental contamination upon, in or under the lands or fails to comply with any abatement or remediation order given by a responsible authority;

- (n) if the Mortgagor uses any of the monies advanced hereunder for any purpose other than as declared to and agreed upon by the Bank;
- (o) if the Bank deems itself insecure or believes that the assets secured hereby are in danger of loss, damage or misuse; or
- (p) if there is a deemed Event of Default pursuant to this mortgage.

Upon the occurrence of an Event of Default, at the option of the Bank, without notice to the Mortgagor, the Bank's security shall immediately become enforceable and all of the money hereby secured remaining unpaid shall become due and payable. If, in respect of a default, the Bank chooses not to exercise the option hereby given to it or waives its right to call in the balance of the loan, such does not constitute a waiver of the Bank's rights under this clause in respect of any other default.

11. NOTICE RESPECTING DEFAULT AND ENFORCEMENT

The Bank may exercise any remedy or remedies immediately upon the occurrence of an Event of Default, without making a demand for payment or giving time for payment or notifying the Mortgagor of the Bank's intention to exercise the remedy or remedies. If the Bank chooses to notify the Mortgagor of such an intention or to demand payment, it shall not thereby be taken to have waived its rights under this clause or to have subjected itself to a duty to give reasonable notice to the Mortgagor respecting the Bank's intention or to give the Mortgagor reasonable time for payment.

12. REMEDIES

On the occurrence of an Event of Default, the Bank may immediately thereupon seek or exercise any remedy as may be available to it in law or equity and it may exercise any of the following remedies:

(a) POSSESSION

Without limiting the rights of the Bank pursuant to clause 4, the Bank may take possession of the lands or any part of them and upon doing so the Bank may do such things as it deems advisable in order to maintain, protect or preserve the lands, it may make improvements or alterations to the lands and the Bank may lease the lands to third parties on such terms as the Bank deems advisable;

(b) POWER OF SALE

The Bank may, without notice to the Mortgagor or those claiming by, through, from or under it, sell the lands by way of public auction, private sale, tender or any other method as the Bank may choose and according to such terms as the Bank may choose to accept and any conveyance by the Bank pursuant to this power conveys to the purchaser the right, title, interest, property and demand of the Mortgagor at the time of the making of this mortgage or any time since and that of any person claiming by, through, from or under the Mortgagor of, in and to the lands sold;

(c) JUDGMENT

The Bank may sue the Mortgagor or any person jointly liable with it or any guarantor and recover judgment, without having exhausted the other remedies available to it and no other remedy or right of the Bank merges in any such judgment;

(d) RECEIVERSHIP

The Bank may appoint a receiver or a receiver and manager (the "receiver") of the lands, and in doing so the Bank may appoint any person it chooses including one of the Bank's employees and, the Bank may remove and replace the person so appointed. A receiver appointed by the Bank is the agent of the Mortgagor and his actions are binding upon the Mortgagor and not upon the Bank. Notwithstanding that the receiver is the agent of the Mortgagor, the Bank may instruct the receiver as regards the exercise of its powers and the discharge of its duties, and the Bank may make such arrangements as it may choose in respect of the receiver's expenses and fees; and

(e) DISTRESS

The Bank may distrain for arrears of rent pursuant to clause 4.

In this mortgage, the term "remedies" means the remedies prescribed in this clause and such other remedies as the Bank may have in law or equity. The remedies are cumulative; the exercise of one does not preclude the use of others. The Bank may exercise any of the remedies against the lands as a whole or in parts, it may enforce one remedy against one part of the lands and other remedies against other parts and it may abandon or discharge whatever parts of the lands as the Bank may choose. Where the exercise of a remedy involves the sale of the lands or part of them, the party making the sale may accept cash, credit or part cash and part credit and, if a sale is made on credit, the Bank need apply, in reduction of the debt or debts secured, only such payments as are actually made.

13. POWERS OF THE RECEIVER

The receiver may:

- (a)** exercise any of the powers of the Bank pursuant to clause 12 except subclause 12(d) and make any purchase or payment as the Bank may make under clause 9;
- (b)** carry on any business for which the lands are used and conduct the affairs of the Mortgagor in respect of such business;
- (c)** do any act or thing as could be authorized by the board of directors or the shareholders of the company if the Mortgagor is a company;
- (d)** do all things necessary to control the lands, manage the lands or to produce income from the lands;

- (e) where the Bank holds a chattel mortgage in respect of the Secured Obligations and the Bank has not appointed an agent under the chattel mortgage, do any act or thing that may be done by an agent under the chattel mortgage but, in so doing or acting, the receiver is the agent of the Mortgagor as provided in subclause 12(d);
- (f) borrow money to carry on any business for which the lands are used, to carry out any power of the receiver or for protective disbursements;
- (g) retain and instruct counsel, real estate agents, appraisers, property managers and any person who the receiver may find to be helpful in the discharge of its powers; and
- (h) generally, do anything it finds to be necessary for the orderly management or liquidation of the lands.

14. LIABILITY RESPECTING ENFORCEMENT OF SECURITY

Once the Bank has determined to exercise a remedy or remedies, it may deal with and dispose of the lands as the Bank may see fit and neither the Mortgagor nor those claiming by, though from or under it shall maintain any action, advance any claim or rely on any set-off by reason of the order of enforcement of remedies against parts of the lands, the abandonment or discharge of the lands or part of them, the Bank's failure to maintain or insure the lands, the Bank's failure to secure an adequate price for the lands or anything relating to the manner in which the lands are dealt with or disposed of. In this clause "the Bank" includes the receiver.

Further, the Bank may, in its sole discretion, realize on various securities (including this mortgage) and any parts thereof in any order that the Bank considers advisable and no realization or exercise by the Bank of any power or right under this mortgage or other security shall in any way prejudice any further realization or exercise until all Secured Obligations are satisfied. All rights and remedies available to the Bank are cumulative and not restrictive of remedies at law and in equity and by statute.

15. RELEASES

The Mortgagor is not released from any of its obligations to pay the Secured Obligations nor is any security held to secure the Secured Obligations released by reason of the Bank releasing any person who may be obligated to pay the Secured Obligations or any part of them, or by reason of the Bank releasing any security held to secure payment of the Secured Obligations. The Bank is only accountable for money actually received by it in consideration of the release of any person or security.

16. INDULGENCES

The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, make settlements, grant releases and discharges, refrain from registering or maintaining registration of charges, and otherwise deal with the Mortgagor, other obligants to the Bank, the Mortgagor's other creditors, sureties and other persons and with the lands and other security, all as the Bank sees fit in its absolute discretion and without prejudice to the Mortgagor's liability or the Bank's rights or remedies. The Mortgagor agrees that it will not be released nor its liability in any way reduced because the Bank has done, not done, or concurred in doing or not doing, anything whereby a surety would or might be released in whole or in part.

17. ASSIGNS

This mortgage is binding upon the Mortgagor, its successors, assigns, heirs, executors and administrators and is granted to and for the benefit of the Bank, its successors and its assigns.

18. GENDER AND NUMBER

The use in this mortgage of the neuter gender includes the masculine and the feminine; the use of the plural includes the singular; the use of the singular includes the plural.

The Mortgagor has properly executed and sealed this mortgage on the day and year stated on the first page.

*Sworn to by videoconference
from Halifax NS (location of affiant)
to Dartmouth, NS (location of lawyer taking oath)
this 2 day of March 2022*



Marc T. LeClair

**ATLANTIC ORIENTAL WHOLESALE
(AOW) INCORPORATED**



Jun Tak Kim, President

**CANADA
PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY**

I, Jun Tak Kim, of Halifax Regional Municipality, Province of Nova Scotia, make oath and say as follows:

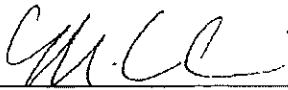
1. THAT I am the President of **ATLANTIC ORIENTAL WHOLESALE (AOW) INCORPORATED** (the "Company") and I have the authority to execute this instrument on behalf of the Company and thereby bind the Company;
2. THAT the Company is not now nor will it be upon delivery of the attached Indenture, a non-resident 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 / AFFIRMED

by videoconference

From Halifax Regional Municipality,
Province of Nova Scotia

To Dartmouth, in the Halifax Regional
Municipality, Province of Nova Scotia,
this 2 day of March, 2022,
before me:



Marc LeClair
A Barrister of the Supreme Court of
Nova Scotia

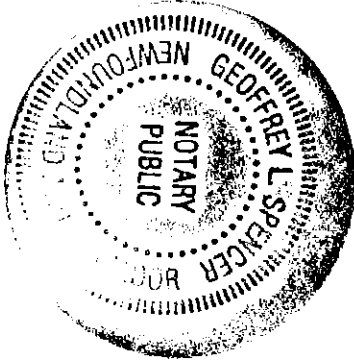


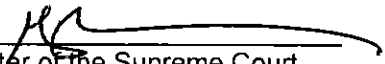
Jun Tak Kim

2024

Hfx No. _____

This is Exhibit "D" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6th day of March, 2024.




A Barrister of the Supreme Court
of Newfoundland and Labrador



GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated the 2 day of March, 2022.

BETWEEN:

ATLANTIC ORIENTAL WHOLESALE (AOW) INCORPORATED, in the Province of Nova Scotia
(the "Debtor")

AND:

BUSINESS DEVELOPMENT BANK OF CANADA, with a business centre at 2000 Barrington
Street, Suite 1400, Halifax, Nova Scotia, B3J 3K1
(**"BDC"**)

1. SECURITY INTEREST

(You, as the Debtor, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking. These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Debtor hereby:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Debtor's present and after acquired personal property including, without limitation:
 - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
 - (iii) all debts, accounts, claims, demands, moneys and choses in action which now are, or which may at any time be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, moneys and choses in action (all of which is collectively called the "Accounts");

- (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Debtor that is not Equipment, Inventory or Accounts;
 - (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Debtor (all of which is collectively called the "Intellectual Property");
 - (vi) all the Debtor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Debtor, and all other intangible property of the Debtor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (vii) the personal property described in Schedule "A" attached to this Agreement and all additions thereto and replacements thereof; and
 - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) grants to BDC a general and continuing security interest and charges by way of a floating charge:
- (i) all of the undertaking and assets of the Debtor, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property is subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Debtor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Debtor's consumer goods are excepted out of the Security Interests.

3. ATTACHMENT

(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Debtor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Debtor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Debtor confirms that there has been no agreement between the Debtor and BDC to postpone the time for attachment of the Security Interests and that it is the Debtor's understanding that BDC intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Debtor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that moneys advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Debtor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Debtor to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Debtor to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Debtor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Debtor guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Debtor to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

6.1 The Debtor represents and warrants to BDC that

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constituting documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constituting documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Debtor has provided a written memorandum to BDC accurately setting forth all prior names under which the Debtor has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Debtor is a party

or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;

- (d) if the Debtor is an individual, that individual's full name and address provided to BDC are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Debtor, in which a decision adverse to the Debtor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor; and the Debtor agrees to promptly notify BDC of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Debtor;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Debtor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule "A" and will not be removed from such location(s) without the prior written consent of BDC;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor, if the Debtor is a corporation, or, if the Debtor is a partnership, of the partners of the Debtor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations valid and there is no restriction contained in the constating documents of the Debtor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Debtor to borrow money or give security; and
- (k) the Debtor's place(s) of business and chief executive office have been correctly provided to BDC

7. COVENANTS OF THE DEBTOR

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Debtor covenants with BDC that while this Security Agreement remains in effect the Debtor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and

effective;

- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) forthwith pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
 - (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter between BDC and the Debtor including, without limitation, inspection, administration and returned cheque handling fees;
- (g) forthwith pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Debtor, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Debtor's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under Bankruptcy and Insolvency Act (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to Bankruptcy and Insolvency Act (Canada);
 - (ix) any sums BDC pays as fines, or as clean up costs because of contamination of or from your assets. Further, you will indemnify BDC and its employees and agents from any liability or costs

incurred including legal defense costs. Your obligation under this paragraph continues even after the Obligations are repaid and this agreement is terminated.

- (h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify BDC promptly of:
 - (l) any change in the information contained in this Security Agreement relating to the Debtor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Debtor respecting any Accounts;
 - (v) any claims against the Debtor including claims in respect of the Intellectual Property or of any actions taken by the Debtor to defend the registration of or the validity of or any infringement of the Intellectual Property;
 - (vi) the return to or repossession by the Debtor of Collateral that was disposed of by the Debtor; and
 - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Debtor's property, assets and undertakings and to all its books of account and records for the purpose of inspection and the taking of extracts and copies, whether at the Debtor's premises or otherwise, and the Debtor will render all assistance necessary;
- (m) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (n) deliver to BDC from time to time promptly upon request:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;

- (li) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;
- (lii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
- (liv) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as BDC may reasonably require;
- (o) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (p) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (q) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral;
- (r) consent to BDC contacting and making enquiries of the Debtor's lessors, as well as municipal or other government officials or assessors; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to BDC by the Debtor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Debtor and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Debtor covenants that while this Security Agreement is in effect the Debtor shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to BDC, if it so requires.

8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Debtor to repair, replace or rebuild, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.

8.3 The Debtor will forthwith, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Debtor's expense any necessary proof and do any necessary act to enable BDC

to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Debtor hereby authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.

8.5 If the Debtor fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Debtor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2; or
- (c) where the Debtor is a corporation
 - (i) repay or reduce any shareholders loans or other debts due to its shareholders; or
 - (ii) change its name, merge with or amalgamate with any other entity;

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Debtor will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 Provided that the Debtor is not in default under this Security Agreement, the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Debtor holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Debtor fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Debtor to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Debtor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held by the Debtor in trust for BDC.

13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Debtor and BDC in any of the following events:

- (a) the Debtor defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Debtor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Debtor to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Debtor or a guarantor of the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Debtor or a guarantor of the Debtor; or
- (f) the Debtor or a guarantor of the Debtor ceases or threatens to cease to carry on all or a substantial

- part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or any part of the Collateral; or
 - (h) if the Debtor is a corporation and any member or shareholder:
 - (i) commences an action against the Debtor; or
 - (ii) gives a notice of dissent to the Debtor in accordance with the provisions of any governing legislation; or
 - (i) if the Debtor is a corporation and its voting control changes without BDC's prior written consent; or
 - (j) the Debtor uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or
 - (k) without BDC's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
 - (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
 - (m) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Debtor is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or
 - (n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
 - (o) the lessor under any lease to the Debtor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Debtor; or
 - (p) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Debtor or to be incorporated into any of its assets, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
 - (q) any permit, license, certification, quota or order granted to or held by the Debtor is cancelled, revoked or reduced, as the case may be, or any order against the Debtor is enforced, preventing the business of the Debtor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Debtor's business; or
 - (r) if an individual, the Debtor dies or is declared incompetent by a court of competent jurisdiction.

15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

15.1 Upon any default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity

as it may deem expedient and in particular, without limitation, BDC may do any of the following:

- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any of the Debtor's premises at any time and take possession of the Collateral with power to exclude the Debtor, its agents and its servants, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;
- (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
- (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
- (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Debtor and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:

- (a) carry on the Debtor's business and for such purpose from time to time to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
- (b) make an assignment for the benefit of the Debtor's creditors or a proposal on behalf of the Debtor under Bankruptcy and Insolvency Act (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:
 - (i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings

properly payable by the Receiver;

- (b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Debtor waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.

16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Debtor or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.

16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Debtor, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to BDC and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral.

16.4 BDC in its sole discretion may realize upon any other security provided by the Debtor in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.

16.5 Any right of BDC and any obligation of the Debtor arising under any other agreements between BDC and the Debtor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Debtor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter with the Debtor shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Debtor and any legal fees, commitment fees, standby fees or administration fees owing by the Debtor shall be secured by the Collateral.

16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Debtor shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.

16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Debtor now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Debtor shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Debtor agrees that BDC may bring action against the Debtor for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY
(You appoint BDC your attorney for specific matters.)

The Debtor hereby irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall continue and survive any mental infirmity or legal incapacity of the Debtor subsequent to the execution hereof.

18. CONSOLIDATION
(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE
(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Debtor to BDC.

20. WAIVER
(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Debtor to remedy any default without waiving the default so remedied. BDC may from time to time and at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE
(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if mailed shall be deemed to have been given at the expiration of three business days after mailing and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, the Debtor's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Debtor's liability or BDC's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Debtor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Debtor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and BDC that may be in effect from time to time.

25. ASSIGNMENT

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Debtor, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Debtor agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Debtor will not assert as a defence, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and, subject to applicable law, payment to BDC of an administrative fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Debtor shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Debtor, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Debtor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) It possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Debtor's business or assets including without limitation the Collateral;
- (f) It will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) It will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Debtor and it consents to BDC contacting and making enquiries of environmental officials or assessors;
- (h) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Debtor's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Debtors and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the *Personal Property Security Act* of the province in which the business centre of BDC is located, as described on page 1 of this Security Agreement, and all regulations under the Act, as amended from time to time.

29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

29.5 This Security Agreement shall be governed by the laws of the province referred to in subclause 29.1(b). For

SCHEDULE "A"

Subclause 1.1(a):

1. the following specific Items, even though they may be included within the descriptions of Collateral
(insert description by Item or kind):

2. the following serial numbered goods:

Serial No. (re motor vehicles & trailers, etc.)

Year

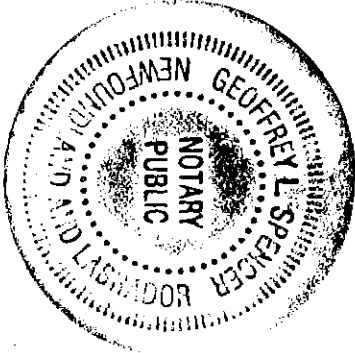
Make and Model

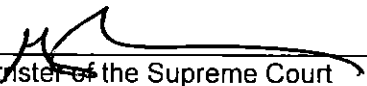
3. Location(s) of the Collateral:

2024

Hfx No. _____

This is Exhibit "E" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6th day of March, 2024.




A Barrister of the Supreme Court
of Newfoundland and Labrador



GUARANTEE

GUARANTOR: JUN TAK KIM the "Guarantor"

CREDITOR: Business Development Bank of Canada "BDC"

DEBTOR: ATLANTIC ORIENTAL WHOLESALE (AOW) INCORPORATED
the "Borrower"

DEBT: \$1,500,000.00 the "Principal Sum"

LIMIT OF LIABILITY: 25% of the Outstanding Balance on the date BDC
demands payment under this guarantee the "Limited Amount"

DATED: March 2, 2022

BDC BUSINESS CENTRE: Nova Scotia
(Province/Territory) the "Governing Jurisdiction"

IN CONSIDERATION of BDC agreeing to make a loan to the Borrower of the Principal Sum, the Guarantor covenants with BDC as follows:

1. DEBT AND SECURITY

In this guarantee, "Loan Security" means all accepted letters of offer, loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which BDC may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments. The Guarantor has read all of the Loan Security held by BDC as of the date of this guarantee.

2. GUARANTEE

The Guarantor unconditionally guarantees performance by the Borrower of all promises under the Loan Security and payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under the Loan Security (the foregoing amounts collectively are called the "Outstanding Balance"). The Guarantor also promises to pay to BDC all legal fees and disbursements, on a solicitor and client basis, incurred by BDC in reference to any suit upon this guarantee. The liability of the Guarantor under this guarantee does not exceed the Limited Amount plus legal expenses plus interest on the Limited Amount at the rate provided under the Loan Security calculated and compounded monthly from the date BDC demands payment under this guarantee.

This guarantee shall be a continuing guarantee and the obligations guaranteed hereunder shall include all present and future indebtedness and liabilities of the Borrower to BDC under the Loan Security, of any nature whatsoever, and whether incurred by the Borrower alone or with others.

3. LIABILITY AS PRINCIPAL DEBTOR

As between BDC and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's covenants contained in the Loan Security notwithstanding any act or omission of the Borrower or of BDC which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

4. LIABILITY NOT DIMINISHED BY ACTS OF THE BANK OR THE BORROWER

Except for payment of all sums due under the Loan Security, payment of the amount due under this guarantee or written discharge, no act or omission of BDC or of the Borrower, before or after default, discharges or diminishes the liability of the Guarantor under this guarantee and without restricting the foregoing, the Guarantor covenants with BDC as follows:

- (a) BDC may grant time and other indulgences to the Borrower, to a Guarantor and to any other person liable for all or any portion of the Principal Sum;
- (b) BDC may modify, extend or renew (in either case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Security or any part of it or anything mortgaged or charged by it;
- (c) BDC may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;
- (d) BDC may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to BDC or the value of the Loan Security or the value of anything mortgaged by it;
- (e) BDC need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Security;

- (f) BDC bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Security, either during possession by the Borrower or by any third party or by BDC or by anyone on behalf of BDC;
- (g) BDC is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and BDC may enforce its various remedies under this guarantee and the Loan Security or any part of it at any time, in any manner and in any order as BDC may choose;
- (h) BDC bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Security and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Security;
- (i) BDC has no obligation to ensure that any Loan Security, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended Loan Security, guarantee or collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this guarantee remains enforceable and undiminished; and
- (j) The Guarantor confirms and agrees that any modifications of the loan terms or Loan Security may be agreed upon directly between BDC and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence.

5. SUBROGATION

The Guarantor shall not be subrogated in any manner to any right of BDC until all money due to BDC under the Loan Security is paid.

6. RELEASE

If more than one person guarantees any of the obligations of the Borrower to BDC under this guarantee or any other instrument, BDC may release any of those persons on any terms BDC chooses and each person executing this guarantee who has not been released shall remain liable to BDC under this guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

7. PAYMENT AND REMEDYING DEFAULTS

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from BDC and shall do so whether or not BDC has exhausted its recourses against the Borrower, other parties, the Loan Security or anything mortgaged under the Loan Security. A demand is effectually made when a letter is posted to the address of the Guarantor last known to BDC.

8. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS

Any agreement between BDC and the Guarantor diminishing the liability of the Guarantor under this guarantee, altering any term of this guarantee or imposing any condition against the operation of any such term is of no further force or effect. Any representation made by BDC having such effect is waived. The Guarantor warrants that there are no agreements, representations or conditions that have been relied upon by the Guarantor that are not expressed in this guarantee.

9. CHANGES MUST BE IN WRITING

This guarantee may only be amended by writing executed by BDC. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this guarantee unless the agreement is in writing and executed by BDC. The Guarantor shall not rely upon any future representation made by BDC in respect of the liability of the Guarantor under this guarantee unless such representation is in writing executed by BDC.

10. JOINT AND SEVERAL LIABILITY

Where this guarantee has been executed by more than one person, the liability of the persons executing this guarantee is joint and several and every reference in this guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

11. JURISDICTION

The laws of the Governing Jurisdiction shall govern the enforcement of this Guarantee and the Guarantor agrees to submit to the jurisdiction of the Courts of the Governing Jurisdiction.

12. ASSIGNS

This guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall enure to the benefit of BDC, its successors and assigns. The Bank may assign this guarantee.

13. COUNTERPARTS

This guarantee may be executed in any number of counterparts each of which shall be deemed an original with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this guarantee by telecopy shall be effective as delivery of a manually executed counterpart of this guarantee.

Executed, Sealed and Delivered by

JUN TAK KIM

In the presence of:

JUN TAK KIM
Name
5807 Sayers St Halifax
Address
President
Occupation
(as to all signatures)

[Signature]
JUN TAK KIM

T. MARC LeCLAIR
A Barrister of the Supreme
Court of Nova Scotia

SOLICITOR'S CERTIFICATE

I certify that I facilitated the execution, sealing (where applicable) and delivery of this instrument, and satisfied myself that the person executing this instrument read and understood its contents and received independent legal advice where necessary.

[Signature]
Solicitor

MINUTES

MEETING OF The Board of Directors

SUSTAINABLE OCEANS CAPITAL INC.

January 6, 2024

(Held virtually 4:00 PM EST 5:00 PM AST)

Present at the meeting were:

Herb Breau

Jose Teixeira

Jacques Chabot

The meeting having been called by the Chairman, Herb Breau, was attended by the three members of the Board.

A discussion was held about ways to reorganize the situation of the Company's subsidiary, Chester Basin Seafood Group Inc. (CBSG) Jose brought the meeting up to date on his thinking of the situation and it was agreed to follow up discussions on ideas he has for the future of CBSG.

It was agreed that any way forward in restructuring CBSG had to take account of Jose's future and his desire to involve members of his family.

It was agreed to follow up our discussions on an urgent basis and Jacques agreed to help Jose in any way he can to achieve his objectives, as he himself works in an environment of a family business.

All undertook to help CBSG through this.

To obtain an extension to the BIA Proposal, an agreement is essential from TD Bank as secured creditor and Pluto Investments who is also a secured creditor. Jose has had discussions with Pluto and an agreement is being negotiated.

Jose has described his willingness to acquire the Atlantic Sea Clipper, replace its engine and lease it back to CBSG exclusively on reasonable terms. Both Herb and Jacques expressed their support for this

initiative and Jose will brief them in the coming days on his plan and Herb has agreed to take it up with TD Bank immediately as soon as the plan is clear to the Board.

In order to go forward, changes are needed to the CBSG Board and Herb and Jacques need to have the authority from the CBSG Board to act in view of the inherent conflict Jose finds himself in being the control person of the DIP lender.

The two Resolutions annexed to these Minutes were adopted.

Jose voted NO

Herb voted YES.

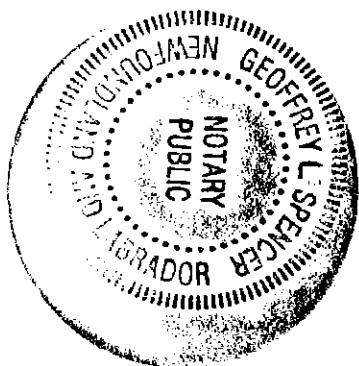
Jacques voted YES.

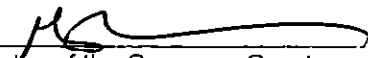
The meeting was adjourned, and it was agreed to have another meeting shortly at the Call of the Chair.

2024

Hfx No. _____

This is Exhibit "F" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6 day of March, 2024.





A Barrister of the Supreme Court
of Newfoundland and Labrador



Client Number 226186

C/A Number ... 22618601

Description	Value
PRINCIPAL EXCLUDING ARREARS	0.00
PRINCIPAL ARREARS	1,154,300.00
INTEREST	38,058.69
ACCRUED TO	2024-03-03
ANNUAL ADMINISTRATION FEE	750.00
PROTECTIVE DISBURSEMENT	0.00
INTEREST ON PROTECTIVE DISBURSEMENT	0.00
Total	1,193,108.69

Description	Value
TAX ACCOUNT	0.00
DEPOSIT ACCOUNT WITH INTERESTS	0.00
DEPOSIT ACCOUNT WITHOUT INTERESTS	0.00
Total Deposit	0.00
Total Net	1,193,108.69
DAILY INTEREST ACCRUAL	293.30
DAILY IOI ACCRUAL	9.28
INTEREST RATE PLAN	Daily float
SPECIAL INTEREST RATE TYPE	STD
EFFECTIVE BASE RATE	9.300000 %
VARIANCE RATE	0.000000 %
INTEREST ADJUSTMENT DATE	
PROT.DISB. - DAILY INTEREST ACCRUAL	0.00
OPTION EXPIRY DATE	2024-03-03

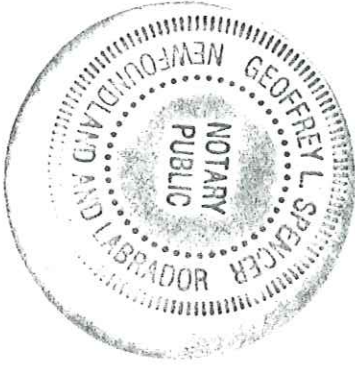
Disclaimers:


1. Payout figures do not include: Prepayment indemnity, interest differential, net present value of premiums and royalties and the amount of the option. For these calculations, refer to the Letter of Offer of Credit, Letters of Amendment, Circulars and the revised Calculus software.
2. Escrow account balances must be analyzed internally before confirming the total payout figures to the borrower.
3. Floating Plan: Daily interest accrual subject to operational rate change.

2024

Hfx No. _____

This is Exhibit "G" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6th day of March, 2024.




A Barrister of the Supreme Court
of Newfoundland and Labrador



Stephen Kingston
Direct +1 (902) 444 8589
stephen.kingston@mcinnescooper.com

1869 Upper Water Street
Suite 1300
McInnes Cooper Tower - Purdy's Wharf
Halifax NS
Canada B3J 2V1
Tel +1 (902) 425 8500 | Fax +1 (902) 425 8350

Via Regular and Registered Mail

Our File: 243262

January 2, 2024

Atlantic Oriental Wholesale (AOW) Incorporated
5889 Inglis St.,
Halifax, NS B3H 1K7

Attn: Jun Tak Kim, President

Dear Sir:

**Re: Business Development Bank of Canada –
Atlantic Oriental Wholesale (AOW) Incorporated**

We are counsel to the Business Development Bank of Canada ("BDC") in connection with this matter. We write you in your capacity as President of Atlantic Oriental Wholesale (AOW) Incorporated (the "Company").

The Company is indebted to BDC pursuant to a Letter of Offer issued by BDC dated January 12, 2022, and accepted by the Company on January 13, 2022. The Letter of Offer was amended by letters dated March 3, 2022, March 29, 2022, April 18, 2022, and January 25, 2023 (collectively, the "Agreement").

In executing the Agreement, BDC agreed to advance a loan of \$1,500,000.00 to the Company, the Company agreed to repay the amount by way of monthly payments of principal plus interest calculated at the BDC Floating Rate from time to time. The amount of the loan was later reduced to \$1,222,795.00 with the agreement of BDC and the Company, as stated in the Amended Letter of Offer dated January 25, 2023.

The Company's obligations pursuant to the Agreement are secured by:

1. A Mortgage granted by the Company to BDC dated March 2, 2022, copy of which was recorded at the Land Registration Office for Shelburne County on April 26, 2022, as Doc. No. 120485090. The Mortgage by its terms secures a principal debt of \$1,700,000.00 as against the Company's property at Seal Point Road, Upper Port La Tour, Shelburne County (PID No. 82540097);
2. A General Security Agreement ("GSA") executed by the Company on March 2, 2022, a Financing Statement for which was recorded pursuant to the *Personal Property Security Act* as Reg. No. 36126654. The General Security Agreement is a charge in favour of BDC over all the Company's present and after-acquired personal property; and

3. The Personal Guarantee of Jun Tak Kim ("Mr. Kim") dated June 2, 2022, whereby Mr. Kim promised to make payment on demand of all debts and liabilities owed by the Company to BDC pursuant to the Agreement, limited in amount to 25% of the outstanding balance on the day BDC demanded payment under the Guarantee.

We understand that the Company has defaulted in its obligations to BDC pursuant to the Agreement, and that its Account is in arrears. The outstanding balance totaled \$1,170,529.45 as of December 21, 2023, and interest accrues thereafter at the daily rate of \$294.10. These figures do not include BDC's costs on enforcement, which are separated additional charges.

BDC is not prepared to allow the situation to continue indefinitely. Accordingly, please be advised that in the event that payment in the full amount of \$1,170,529.45 (plus accrued interest and enforcement costs) is not received in our office by way of bank draft, solicitor's trust cheque or certified cheque on made payable to "McInnes Cooper in Trust" on or before 5:00 p.m. on Friday, January 12, 2024, legal action will be taken to enforce the debt.

In the event that legal action becomes necessary, BDC's claim shall be for the full principal debt, all accrued interest and all available legal costs. BDC may also seek to enforce its remedies pursuant to the Mortgage, the General Security Agreement, or the Guarantee.

We enclose a Notice of Intention to Enforce Security issued pursuant to the *Bankruptcy Insolvency Act (Canada)*.

In the event that the Company is willing to waive the ten days notice period and consent to immediate enforcement of the BDC security, please sign the Notice in the space provided and return it to my attention.

Yours very truly,

MCINNES COOPER


Stephen Kingston

SK/tmg

Enclosures
cc. Business Development Bank of Canada
cc. Mr. Jun Tak Kim

NOTICE OF INTENTION TO ENFORCE SECURITY (SEC. 244(1)) OF
THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3


TO: Atlantic Oriental Wholesale (AOW) Incorporated

INSOLVENT PERSON

TAKE NOTICE THAT:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the property of the insolvent person located at Seal Point Road, Upper Port La Tour, Shelburne County, Nova Scotia, PID No. 82540097, (the "Property").
2. The security that is to be enforced is in the form of:
 - (a) A Mortgage executed by the insolvent person, in favour of Business Development Bank of Canada on April 26, 2022, and recorded in Shelburne County Land Registration Office as Document No. 120485090; and
 - (b) A General Security Agreement executed by the insolvent person, in favour of Business Development Bank of Canada on March 2, 2022, and recorded pursuant to the *Personal Property Security Act* as Registration No. 36126654.
3. The total amount of the indebtedness secured was \$1,700,000.00 as of March 2, 2022.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

DATED at Halifax, Halifax Regional Municipality, Province of Nova Scotia, this 2nd day of January, 2023.



Stephen Kingston
MCINNES COOPER
PO Box 730
Purdy's Tower II
1300-1969 Upper Water Street
HALIFAX NS B3J 2V1

Solicitor for Business Development Bank of
Canada

Atlantic Oriental Wholesale (AOW)
Incorporated
herby waives Notice and consents to the
immediate enforcement of the BDC Security as
set forth herein.


Jun Tak Kim
Office: President

2024

Hfx No. _____

This is Exhibit "H" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6th day of March, 2024.




A Barrister of the Supreme Court
of Newfoundland and Labrador

TAX CERTIFICATE

ISSUE DATE: 08 Jan 2024

PROPERTY #: 04208447

Certificate No: 2152

REQUESTED BY

LEGAL DESCRIPTION: LOT 6 UPPER PORT LA TOUR FISHERY

File #:

Owner: ATLAN014

Name ATLANTIC ORIENTAL WHOLESALE (AOW)

Addr.: INCORPORATED

Name:

Req By: McInnes Cooper

Date: 8/1/24

127 SEAL POINT RD
UPPER PORT LATOUR
NS B0W 1E0

LAST BILLING AMOUNT \$ 38,037.89 TOTAL ARREARS 19,949.61

INTERIM BILLED AMOUNT \$ 18,113.28 TOTAL INTEREST: 521.34

LAST MARKET ASSESSMENT \$ 1,588,000.00
0.00 Total Due: 20,470.95

Taxes paid up to 31 Mar 2023 0.00

Assessment Codes and Values Taxable

Commercial \$ 1,588,000.00

Fire Tax Rate 8 0.00

Fire Dept Capital Rate 0.00

Year	ARREARS		
	Principal	Interest	Total
2023/2024	19,949.61	442.73	20,392.34
2022/2023	0.00	78.61	78.61
2021/2022	0.00	0.00	0.00
2020/2021 & Prior	0.00	0.00	0.00

TOTAL: 20,470.95

This Certificate certifies that the information hereon contained is a true record of all outstanding taxes and other charges against the hereon described property as of the iss date.

The total due includes interest to 8 Jan 24


AUTHORIZED SIGNATURE


Total taxes for
23/24 \$ 38,259.88
Daily interest \$ 78.71

2024

Hfx No. _____



This is Exhibit "I" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6th day of March, 2024.



A Barrister of the Supreme Court
of Newfoundland and Labrador



Government
of Canada

Gouvernement
du Canada

**Bankruptcy and Insolvency Records Search (BIA) search results |
Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)**

2024-01-11

Search Criteria | Critères de recherche :
Reference | Référence :

Name | Nom = Jun Tak Kim
243262

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 1978 to 2024-01-08, based on the search criteria above-mentioned.

Une recherche dans les dossiers du Bureau du surintendant des faillites a permis de trouver l'information suivante, pour la période allant de 1978 à 2024-01-08, selon les critères de recherche susmentionnés.

BIA Estate Number Numéro du dossier en vertu de la LFI :	51-3025153
BIA Estate Name Nom du dossier en vertu de la LFI :	Kim, Jun Tak
Birth Date Date de naissance :	1961-11-28
Province :	Nova Scotia Nouvelle-Écosse
Address Adresse :	5889 Inglis Street, Halifax, Nova Scotia, B3H1K7
Estate Type Type de dossier :	BANKRUPTCY FAILLITE
Date of Proceeding Date de la procédure :	2023-12-22
Total Liabilities* Total du passif* :	\$38,041
Total Assets* Total de l'actif* :	\$44,334
First Meeting of Creditors Première assemblée des créanciers :	
Discharge Status Statut de la libération :	
Effective Date Date d'entrée en vigueur :	
Court Number Numéro de cour :	51-3025153

* As declared by debtor | Tel que déclaré par le débiteur

Responsible Person | Personne responsable :
Appointed Licensed Insolvency Trustee or Administrator | Syndic
autorisé en insolvabilité ou administrateur nommé :
Address | Adresse :
Telephone | Téléphone :
Fax | Télécopieur :
Licensed Insolvency Trustee or Administrator's Discharge Date |
Date de la libération du syndic autorisé en insolvabilité ou de
l'administrateur :

BASS, GLYNIS
A. FARBER & PARTNERS INC.
Floor 16, 150 York St, Suite 1600, Toronto, Ontario, Canada, M5H3S5
184-450-77526

Canada



Protecting the
Integrity of the
Insolvency System

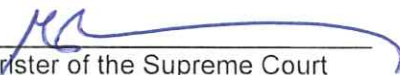
Protéger l'intégrité
du système
d'insolvabilité

2024

Hfx No. _____

This is Exhibit "J" referred to in the
Affidavit of **LIAM WILSON** sworn
before me this 6th day of March, 2024.





A Barrister of the Supreme Court
of Newfoundland and Labrador

2024

Hfx No.

Supreme Court of Nova Scotia
In Bankruptcy and Insolvency

IN THE MATTER OF: THE RECEIVERSHIP OF ATLANTIC ORIENTAL WHOLESALE (AOW)
INCORPORATED

Between:

THE BUSINESS DEVELOPMENT BANK OF CANADA

Applicant

and

ATLANTIC ORIENTAL WHOLESALE (AOW) INCORPORATED

Respondents

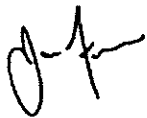
CONSENT OF RECEIVER

TAKE NOTICE THAT the undersigned, Deloitte Restructuring Inc., a body corporate under the laws of Canada, maintaining an office in the city of Halifax, in the County of Halifax, in the Province of Nova Scotia, a duly qualified and licensed trustee in bankruptcy, hereby consents to act as court-appointed receiver of the assets of the Respondents.

AND TAKE NOTICE THAT the undersigned Deloitte Restructuring Inc. hereby confirms, in compliance with *Civil Procedure Rule 73.07*, that it is a member of the Canadian Association of Insolvency and Restructuring Professionals and carries professional liability insurance.

DATED at Halifax, Nova Scotia this 29 day of February, 2024.

DELOITTE RESTRUCTURING INC.



Per: _____
Name: James Foran, CPA, CA, CIRP, LIT
Title: Senior Vice President