**COURT FILE NUMBER** 

1903-21122

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

**EDMONTON** 

PLAINTIFF(S)

**ROYAL BANK OF CANADA** 

**DEFENDANTS** 

MACHINE WORKS INDUSTRIAL INC., PAUL BURNS, JODY

COOMBS, AND ALLAN MCNUTT

**DOCUMENT** 

SUPPLEMENTAL SECOND REPORT OF THE

**RECEIVER** 

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Counsel

**Duncan Craig LLP** 

Suite 2800, 10060 Jasper Avenue

Edmonton, Alberta T5J 3V9

Attention:

Darren R. Bieganek, QC

Telephone:

(780) 441 4386

Fax:

(780) 428 9683

Email:

dbieganek@dcllp.com

Deloitte Restructuring Inc.

1500 Manulife Place, 10180 101 Street

Edmonton, Alberta T5J 4K1

Attention:

Darren M. Crocker, CPA, CGA, CIRP, LIT

Telephone:

(780) 421 3687

Fax:

(780) 421 3782

Email:

dcrocker@deloitte.ca

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# **Appendices**

Appendix "A"

Correspondence and Secured Proof of Claim

# Introduction

- 1. On August 13, 2019 (the "Date of Receivership"), Machine Works Industrial Inc. (the "Company") was placed into receivership pursuant to an Order (the "Receivership Order") issued by the Court of Queen's Bench of Alberta (the "Court"). Deloitte Restructuring Inc. (the "Receiver") was appointed as interim receiver and receiver and manager, without security, of all of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").
- 2. The Company is incorporated under the laws of Alberta and carried on business from a leased premises located at 11405 85 Avenue, Fort Saskatchewan, Alberta (the "Head Office"). The Company primarily serviced oil and gas customers, providing welding, mechanical, structural fabrication, piping fabrication and technical services throughout Alberta for the past ten (10) years. The directors and senior managers of the Company are Paul Burns, Jody Coombs, and Allan McNutt (collectively "Management").
- 3. Information on the receivership proceedings can be accessed on Deloitte's website at www.insolvencies.deloitte.ca under the link "Machine Works Industrial Inc." (the "Receiver's Website").

# Purpose of this report

4. This supplemental Second Report of the Receiver (the "Supplemental Second Report") is filed to provide the Court with details of an additional secured claim filed by Equirex, a division of Bennington Financial Corp. in the amount of \$32,045.19 and to provide the Court with a revised Proposed Distribution Schedule as referenced in the Second Report of the Receiver.

# Terms of reference

5. In preparing this Supplemental Second Report, the Receiver has relied upon unaudited financial information prepared by Management, the Company's books and records, and discussions with Management. The Receiver has not audited, reviewed

or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*. The Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Supplemental Second Report, or relied upon by the Receiver in preparing this Supplemental Second Report.

- 6. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this Supplemental Second Report. Any use which any party makes of this Supplemental Second Report, or any reliance or decision to be made based on this Supplemental Second Report, is the sole responsibility of such party.
- 7. Capitalized terms used in this Supplemental Second Report but not defined herein are as defined in the Receivership Order, the First Report and the Second Report.

# Currency

8. All currency references in this Second Report are in Canadian dollars.

# Secured Claim of Bennington Financial Corp.

- 9. Subsequent to the filing of the Second Report of the Receiver and as a result of Legal Counsel providing notice of the Receiver's application for an Order approving a distribution to the proven secured creditors, a company known as Bennington Financial Corp. ("Bennington") contacted the Receiver to determine the status of its secured claim.
- 10. At the time of the filing of the Second Report, the Receiver was unaware that a secured claim had been filed by Bennington, although in reviewing the secured claim, it was clear that the claim had been filed on October 9, 2019 and acknowledged as received by a member of the Receiver's staff. Details of the secured claim are summarized as follows:

Secured Creditor	Type of Security	Indebtedness
Equirex, a Division of	Purchase Money Secutiry	\$32,045.19
Bennington Financial Corp.	Interest	

- 11. Bennington advises by way of correspondence dated March 3, 2020 that on January 1, 2019, Equirex Vehicle Leasing 2007 Inc. was part of an upward amalgamation with its parent company, Bennington Financial Services Corp. Subsequent to the amalgamation, Bennington Financial Services Corp. amended its name to Bennington Financial Corp. A copy of the March 3, 2020 correspondence and secured proof of claim are attached as **Appendix "A"**.
- 12. Legal counsel has reviewed the Bennington secured claim and opines that, notwithstanding that the lessor noted in the lease contract was Equirex Vehicle Leasing 2007 Inc., the security creates a valid and enforceable security interest in the assets noted in Schedule A of the lease agreement.

# Revised Proposed Distribution Schedule

13. As noted in the Second Report, the Receiver presently holds the sum of \$2,169,060.74 in its trust account and proposes to make the following distribution to Peplinski, RBC and Bennington:

Funds on Hand \$2,169,060.74

Less: Peplinski \$225,319.15

Less: RBC \$1,700,000.00

Less: Bennington \$32,045.19

Amount Retained by Receiver \$211,696.40

# Conclusion and Recommendation

14. The Receiver apologizes to this Honourable Court and to Bennington for the oversight in considering the Bennington secured claim under the proposed disbtribution schedule detailed in the Second Report. The Receiver respectfully seeks the authority of this Honourable Court to make an interim distribution to the secured creditors as detailed in paragraph 13 above.

All of which is respectfully submitted this 4th day of March, 2020.

# **DELOITTE RESTRUCTURING INC.,**

In its capacity as Court Appointed Receiver of Machine Works Industrial Inc. and not in its personal capacity

Darren Crocker, CPA, CGA, CIRP, LIT

Senior Vice-President

An Equitable Bank Company

Seana Chin Legal Counsel Tel: (905) 618-0460

Toll Free: 1-844-223-2372 ext. 0460

Fax: 1-866-405-4869

seanac@benningtonfinancial.ca

100 – 1465 North Service Road East Oakville, ON L6H 1A7

SENT VIA E-MAIL - dbieganek@dsllp.com

SENT VIA FACSIMILE - 780-428-9683 TOTAL PAGES SENT - 26

March 3, 2020

DUNCAN CRAIG LLP Suite 2800, 10060 Jasper Avenue Edmonton, Alberta T5J 3V9

Attn: Darren R. Bieganek

To Mr. Bieganek

Re: Your File No. 204-203220

Royal Bank of Canada v. Machine Works Industrial Inc., et al.

Action Number: 1903 21122

I am writing in regards to the above noted matter in which I understand you are acting as counsel for the receiver, Deloitte Restructuring Inc. (the "Receiver").

I am Legal Counsel for Bennington Financial Corp. ("Bennington"). On January 1, 2019, Equirex Vehicle Leasing 2007 Inc. ("Equirex") was part of an upward amalgamation with its parent company, Bennington Financial Services Corp., the resulting corporation being known as Bennington Financial Services Corp.

Subsequent to the amalgamation, Bennington Financial Services Corp. amended its name to Bennington Financial Corp.

Equirex, now Bennington, is a secured creditor of Machine Works Industrial Inc. On October 9, 2019, we sent our Proof of Claim to via e-mail to Michael Rowley, a representative of the Receiver. I verily believe that he received the Proof of Claim as he responded to the e-mail that same day.

At all times, we were a secured creditor with regards to the equipment outlined in Schedule "A" of Lease Agreement 20000138.

Our secured Proof of Claim was filed and accepted.

Subsequent to a phone call from Mr. Rowley on or about October 29, 2019, we have received no further response regarding our equipment despite e-mails sent to Mr. Rowley on October 29, 2019 and February 24, 2020.



An Equitable Bank Company

Seana Chin Legal Counsel Tel: (905) 618-0460 Toll Free: 1-844-223-2372 ext. 0460 Fax: 1-866-405-4869 seanac@benningtonfinancial.ca

100 – 1465 North Service Road East Oakville, ON L6H 1A7

For your reference, I have attached a copy of the Proof of Claim, Lease Agreement 20000138 and all correspondence we have to and from Mr. Rowley.

We are now in receipt of the materials for the application, returnable March 9, 2020 (the "Application"), which omit Equirex as secured creditor.

Please provide us with an update on the status of our equipment and advise as to what date we can expect payment.

If we do not receive a response by the end of today, we will be taking a position in the Application and seeking remedies against all appropriate parties.

Best Regards,

BENNINGTON FINANCIAL CORP.

Per:

Seana Chin

Legal Counsel

- Lun Ch.

Encls.

Cc:

Darren M. Crocker, Deloitte Restructuring Inc.

Sent via e-mail – dcrocker@deloitte.ca Sent via facsimile – 780-421-3782



# FORM 31

# PROOF OF CLAIM

(Section 50.1, subsections 65.2(4), 81.2(1), 102(2), 124(2), 128(1), and paragraphs 51(1)(e) and 66.14 (b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

Legal Department

Equirex, A Division of Bennington Financial Corp.

Suite 102 – 1465 North Service Road East

Oakville, ON L6H 1A7

Fax: 1-866-405-4869

Account: 20000138

IN THE MATTER OF THE RECEIVERSHIP of Machine Works Industrial Inc. of the City of Fort Saskatchewan in the Province of Alberta, and the claim of Equirex, A Division of Bennington Financial Corp., a creditor.

I, Linda PhaoThai, of the City of Hamilton of the Province of Ontario, do hereby certify:

- 1. I am a Law Clerk of Equirex, A Division of Bennington Financial Corp.
- 2. That I have knowledge of all the circumstances connected with the claim referred to below.
- That the debtor was, at the date of RECEIVERSHIP, namely the 13th day of August, 2019, and still is, indebted to the aforementioned creditor in the sum of \$32,045.19, as specified in the statement of account attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled.

4.	(Check	and complete appropriate category.)							
		A. UNSECURED CLAIM OF \$							
	That in respect of this debt, I do not hold any assets of the debtor as security and								
	(Check appropriate description)								
		Regarding the amount of \$ the Act.		, I claim a right to a priority under section 136 or					
			Regarding the amount of \$	, I do not claim a right to a priority					
		B. CLAI	IM OF LESSOR FOR DISCLAIMER	OF A LEASE \$					
	That I h	That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:							
	[X]	ר קברו	URED CLAIM OF \$32 045.19						

# FORM 31 - Continued

		respect are as fo	of this debt, I hold assets of the debtor valued at \$ sllows:	as security, particulars of				
	(Give f		culars of the security, including the date on which the se which you assess the security, and attach a copy of the s	· •				
	D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$							
That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$								
		E. CLAI	M BY WAGE EARNER OF \$					
			That I hereby make a claim under subsection 81.3(8) of \$ .	of the Act in the amount of				
			That I hereby make a claim under subsection 81.4(8) of \$ .	of the Act in the amount of				
		F. CLAI	M BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PE	ENSION PLAN OF \$				
			That I hereby make a claim under subsection 81.5 of t \$ .	he Act in the amount of				
			That I hereby make a claim under subsection 81.6 of t	he Act in the amount of				
		G. CLA	IM AGAINST DIRECTOR \$					
	That I h	nereby r	make a claim under subsection 50(13) of the Act, partice	ulars of which are as follows:				
		H. CLA	IM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM	\$				
			nake a claim as a customer for net equity as contempla which are as follows:	ted by section 262 of the Act,				
5.	That, to the best of my knowledge, the above-named creditor, is not related to the debtor within the meaning of section 4 of the Act, and has not dealt with the debtor in a non-arm's length manner.							
6.	That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months immediately before the date of the initial bankruptcy event within the meaning of Section 2(1) of the Act;							

7. (Applicable only in the case of the bankruptcy of an individual.)

## FORM 31 - Continued

I request to be advised of any material change in the financial situation of the bankrupt, pursuant to subparagraph 102(3)(b)(i) of the Act.
I request to be advised of any amendment made regarding the amount that the bankrupt is required to pay, pursuant to subsection 68(4) of the Act.
I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Oakville, this 9th day of October, 2019.

Witness Name: S

on behalf of: Equirex, A Division of Bennington

Financial Corp.

Phone No:

905-901-6258

Fax No:

866-405-4869

E-mail Address: lindap@benningtonfsc.com

NOTE:

If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS:

A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of

the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or

statement of account.

# FORM 31 - Continued

# **GENERAL PROXY**

In the matter of the RECEIVERSHIP of Machine Works	Industrial Inc. of the city of Fort Saskatchewan in the
Province of Alberta, and the claim of Equirex, A Divisio	n of Bennington Financial Corp., a creditor, the creditor
hereby appoints (with power of substitution)Linda	PhaoThai and Shahan Khan (name) of the city (or town)
of <u>Hamilton and Mississauga</u> (city or town)	to be the creditor's general proxy in the above matter
(excepting only as to the receipt of dividends).	
Dated at Oakville, this 9th day of October, 2019.	
Witness Name: Sharmon Nigalis	Linda PhaoThai on behalf of: Equirex, A Division of Bennington

Phone No: 905-901-6258 Fax No: 866-405-4869

Financial Corp.

E-mail Address: lindap@benningtonfsc.com



101-1465 North Service Rd E Oakville, ON L6H 1A7 (905) 844-4424 FAX (905) 844-9548

August 13, 2019

Machine Works Industrial Inc. Machine Works Industrial Inc. 11405 85 Ave Fort Saskatchewan, AB, TBL 0A9 Schedule A"

Re: Buyout request for lease#20000138, Machine Works Industrial Inc.

Dear Machine Works Industrial Inc.:

As requested, I have calculated the buyout price for the above lease. Your next regular lease payment is scheduled for September 7, 2019. Please note that this buyout assumes that any regularly scheduled payments between the date of this letter and the effective ('as at') date are made.

As at August 13, 2019 the buyout price for this lease is \$32045.19 increasing at \$21.07 per day for every day after that date that you decide to buy this lease out. This buyout expires August 27, 2019.

The above buyout price is calculated as follows:

Balance of Payments	Starting 07-Sep-19	#pmts 1	Monthly payment of	<u>pmt \$</u> \$10,133.61	
FMV / Residual Value		-	Total Balance	of Payments	\$ 10,133.61 10.00
Discount					(41.60)
Total Due					\$ 10,102.01
Discharge Fee					\$ 150.00
Taxes			ta	x rate = 5 %	512.60
Add Arrears					21,280.58
Less Security Deposit					•
Net Buyout Price					\$ 32,045.19
	Per Diem for ever	y day after A	ugust 13, 2019		\$ 21.07

Please note that the above buyout price assumes that all payments scheduled to be paid between the date of this letter and the effective date ("as at") of the buyout are cleared by the Bank. If a payment is subsequently returned unpaid by the Bank, that amount must be added to the buyout price.

If you decide to buyout the above lease, we will issue a Bill of Sale to you once your buyout payment clears the Bank. For this purpose, we wait 8 business days.

If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Steve Wu Accountant



Ecurius Velvide Lesistro 2007 Inc. 101-1465 Horth Service Rd E Canville ON LEH 1A? Phone: (877)-373-4739 Faz. (565)-401-4148

# **VEHICLE LEASE AGREEMENT**

Hotics: This is a Non-Cancelable, Binding Contract. It contains Important Legal and Financial Terms and Contisions. Please read all pages carefully. Feel free to ask questions before signing

Leash #	PON 20135
App. #	70207

LESSEE	Machin	c Works I	Industrial Inc. ANI	) Pac	ıl Francis Jr.	. Bums A	ND Jod	y F C	oombs		······································			
ADDRESS	SS Streat 11405 85 Ave City Fort Saskatchewan Prov. AB Postal TBL							0A9						
Contact	Namo	Jody Co	rombs	Tel.	(980)-992-9290 Fex:			Ened	jody.coombs@machineworks.			ks.ça		
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- 2.JOINT AND SEVERAL LIABILITY, Lessee and Co-Lessee(s), unconsiderably and absolutely promise to Lessor, including its successors and assigns, as Principal obligor, the full 2.JONT AND SEVERAL LIABILITY, Lettee and Co-Lesses(s), inconcesses and ensuring promise to Lessor, should be accorded an example, as insured cases, and an analysis and prompt performance of all propert and four obligations and co-Lesses and Co-Lesses(s) agree that their liability for such obligations is joint and exercal. Any and all payments areas in especial of the obligations have been made to the control of the obligations have been an an analysis of the payments areas in expect of the obligations have been the payments areas in expect of the obligations have been an an analysis of the payments areas in expect of the obligations have been an analysis of the payments areas in expect of the obligations as Lesson sees M. Lessor should not be required to enforce or entants any particular remode, as upparts any consoling obligations have proposed to enforce or entants any particular remode, as upparts any consoling obligations have proposed to enforce or entants any particular remode, as upparts any consoling obligations are consoling to the payments are seen as the payments areas and payments are seen as the payments areas are seen as the payments areas are seen as the payments areas are seen as the payments are seen as the payments areas are seen as the payments areas are seen as the payments areas areas areas areas areas are seen as the payments areas area a curtilative, tick exclusive, and in no order of recommend
- THOTE TO LESSEES AND CO-LESSEESS: All signatures in this Linear bird the Signatorial to Laszer for the chiration of the Lesse regardless of any agreements between Insteed, All Lettees acknowledge that they have read the multi-page Agreement and Accept the Terms and constant and the opportunity to set for any explanations, and that Tey have read the multi-page Agreement and Accept the Terms and constant and the opportunity to set for any explanations, and that Tey have first but any accept that where they have algred that construct under their man. es, they have signed in their personal capacity. This Agreement shell not become binding on Lessor und accepted in Arting by Lessor as evidenced by the dated signature of a duty authorized representative of Lessot.
- 4. NON-CANCELABLE CONTRACT. The Lesson authorizes and desicts the Lesson to purchase the Vehicle from the Venicos and authorizes payment of the Venicos's invoces. Acquaintance of the Vanical is possing and may not have been nelected an absence of possions and all of the Colombian under the Least, including its obligation under the Least, including its obligation to make payments between the first and affect us of the cale of this Least. Once foods are advanted by the Least. This agreement cannot be breakened by the Least. any reason whatsomer. In the event the Lessee careable the Lesse along the Lesse but prior in turns being coverable. Lessee will pay a cancellation has of the greater of all \$ 500.00, or b) 10% of the total Vector creat in addition to any period know accounted. This careablation from all along any of the total Vector creat in addition to any period know accounted. This careablation from all along all the early if Lessee mailing respectively careablation from the Lessee and along a lessee mailing respectively careable in the accounted on the Lessee mailing respectively that the careablation are considered to the careablation of the total lessee.
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- 3. FAX COPY AND AGREEMENT IN COUNTERPART. The position agree that a law copy or an electrormolly demanded copy of this Agreement and any ancillary documents and the signature of the parties on this Agreement and those documents shall be sufficient for contractual purposes and the fact copy or the electronically treatment and whose documents shall be sufficient for contractual purposes and the fact copy or the electronically treatment documents from the original. The parties agree that this Agreement and any ancitary documents transfer may be signed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement. Notices and documents required by the may also be earlied by the Lessor electronically or by Fax.
- 7. FIDUCIARY DUTY: Lesses accordedges that it uses the Vehicle sciely at the discretion of the Lessor and it accordance with the terms of this Agreement, Lesses holds the Vehicle is trusted for the Lessor, and the Lesses's Educiary obligations to Lessor include, but are not limited to, holding and maintaining the Vehicle in Lessor is care and control for Densit of Lessor so the Vehicle may be returned to Lessor upon default or completion of the Agreement.

Machine Works Industrial Inc.	Initial: Paul Francis Jr. Burns	Initial X
Jody F Coombs	Intal	
Business Number 821391604 Version, 20170221 , 116164	Printed, Moral 21, 2013 0.56 AM 70007, Fig. 1	t71 Page fol

### ADDITIONAL TERMS AND CONDITIONS (Continued on page 3)

- 8. NO RIGHT TO SELL. Lesses has no right to sell, sublet, or otherwise transfer any interest in the Vende, if such sale sublet, or transfer is deemed or occurs, any proceeds shall be received and held in trust for benefit of Lessor, to be promptly delivered to Lessor, without any compromise or waiver of Lessor's interest in the Vendo.
- 8. LDCATION AND USE. The Vehicle shall be located and stored at the place designated on the first page of the Lease Agreement. The Vehicle shall not be located aboviners without the prior consent of the Lease, Removel astrout such consent shall be deemed theft of the Vehicle. The Lease anall, upon request by the Leason, provide the location of the Vehicle at any point in time. Failure to provide the location of the Vehicle at any point in time. Failure to provide the location upon request, and removal without consent, tagger a default of the Lease, Leases womants and agrees their Vehicle at the lease for business or commercial purposes only and not parameter, thereby or household ourposes and accordingly will not be subject to or interpreted in accordance with any consumer protection laws.
- 10 REPRESENTATIONS AND WARRANTIES. Leases echnomizedges that the Vender of the Venicle and the Venicle leads rave been selected by Leases for the purpose of the The PRESENTATIONS AND WARRANTES. Lease schrowledges that the Vender of the Vender of the Vender latelf nave been policited by Lease for the purpose of the rental under the Agreement and that the Lease and had no part in the sale or selection of the Vehicle nor has Leasen that the purpose of the vehicle nor has Leasen and the opportunity to impact that Vehicle, Except as horselfer set byth, there are no representations, or extracted whatsoever given by the Leasen in respect to the Vehicle, including, but writtens smitption, the merchantebiny, consisten, design, capabilities, use, operation or shreets for any portunities purpose or list freedom from Sens and enumeratures. The Vehicle and the broket are not against of the Leasen and are merely conducted for the purposes of ficilitiestig the paperwork and Landa required to bring this Lease into effect and any reprocurations or whereaster made by the Vender, broket or may third carry to not bind the Leasen unless definitely documented and approved in writing by the Leasen. If the Vehicle done not function, perform or operate as intended by Lease or as represented by the Vender, in a constitution of the Leasen and the third that the settlebase unconditionally pay Leasen at as represented by the Vender, in a constitution of the Leasen and the second that in extributes unconditionally pay Leasen at Rent and other amounts payable herounder. The Leasen is not lattle for any look, lease beautiful anamount of the Vender with masses and the second the second that the second the Leasen hereby accepts for and during the applicable form, presented to the Vender with respect to the Vender.
- If RETURN OF VEHICLE UPON TERMINATION, At the end of the Term or upon termination of this Lease for any mason, Lesson shall at Lease's expense deliver the Vehicle on Losson, it Lesson that to do not within the [19] days. Lesson that have the right to exter upon the premises where the Vehicle may be and take possession of it at Lesson's expense without logal process, without Estainy to Lesson. Lesson money waves any claims for damager which it might otherwise have by reason of any such entry, being or removed inducing dainer for brespect. If the Vehicle, when returned by Lesson, is not in good condition and repair. Lesson may, at Lesson's expense payable on demand as additional Rost, make all repairs and replacements necessary to place sum Vehicle in as good condition as it was at the chair of commencement of the preference of repairs and repairs are repairs and repairs and repairs and repairs are repairs and repairs
- 12. LAWS AND TAXES. Lesses shall comply with all governmental bust, regulations, and orders applicable to the Vetucle and its use and agrees to pay when one as scenarions and all times, including but not limited to sales buses, goods and services librat, property taxes, excise and other taxes ever imposed by any federal, provincial, municipal or other taxes and other taxes and other include all affects provincial, municipal or other taxes and other includes at affects and bit includings, firsts or other government lewes attributable to your usage change the term or continuation of the Lesses. Any lade, taxes or other busins charges paid by Lessor upon takers of Lesses to have such payments shall be Lessor's option be payable immediately from Lesses to Lessor.
- 13. INSURANCE. Lesses shall colorn orior to the delivery of the Vehicle and maintain for the entire term of this Lease, at its over experime, insurance for all risks of physical loss or demogn to the Vehicle and to persone essociated with the Vehicle, including without limitation, theff, collision, commons injury or death and tability and camaga to property of others and such other next of last as and cuclemsaffy powered by insurance on the type of Vehicle leases for the remarks and by prudent operators of outlinesses similar to that in which Leases is engaged, in such amounts, in such form and with such impares as shall be satisfactory to Lassor with the following minimums funious a higher amount is required by law): all third party liability with a combined single occurrence time of at least \$2,000,000 for a much and \$1,000,000 for a maken b) comprehensively fire and free time for the first replacement cost of the minimum describble of \$5,000; c) collision for all least \$2,000,000 for a much much an amount of the first replacement cost of the matrix of the first replacement of the first Valuate with a maximum deducible of \$5,000; c) colleges for all least the full replacement coul of the vehicle with a maximum deducible of \$5,000. Each insurance policy will name better a maximum additional insured in respect of the Vehicle, will designate bestor as each and excusive the page of the Vehicle, supposed that a process in desurance process and excussive the process of the Vehicle, supposed that process generated by any damage to or loss of other properly and/or persons insured under the policy, and payable to best other properly and/or persons insured under the policy, and payable to best other properly and/or persons insured under the policy, and payable to best other properly and/or persons in terms of such princy or the conceivance member is been policy to be designed in the supply and/or part of the conceivance member is been policy to be designed in the commencement of the larms and 30 days print to the explication of and such status of advantage of the vehicle of any damage or loss of the Vehicle of any damage or loss of the Vehicle of any damage or loss of the Vehicle of the supply date of a properly and is a properly and and any damage or loss of the Vehicle and the leases will be responsible of the grade of the properly and as allowed the properly and date of replaced and the Leases will be responsible and can are and all agreed and the leases will be responsible. capting of camp reported and male presents are insured to pay on repair control of the camped and an expected and the Lessen was be responsible and pay any and all shortfalls between the features proceeds and reversely beyond repair. In the opinion of the features, the Vehicle is domaged beyond repair. Lessen any male and pay any an area payments for the Term und a complete and full settlement, as determined by the Lesson of our sole and associate distriction, is received by as from the insurer of the Lessen agrees that the Lesson shall not be required to provide the Lessen with a replacement weblick white the Vehicle is being repaired or replaced or if the vehicle is charaged beyond repair. Performance by Lessen under this paragraph will not affect or release the tension's obligations and limitation. All expenses recommend under this paragraph shall not affect our release any registration and any auton charges shall be immediately repeated to the lessen and any auton charges shall be immediately repeated the latence any registration and any auton charges shall be immediately repeated the latence and any auton charges shall be immediately repeated the latence and any auton charges shall be immediately repeated the latence and any auton charges shall be immediately repeated the latence and any auton charges shall be immediately repeated the latence and any auton charges shall be immediately repeated the latence and any auton charges shall be immediately repeated. payable to the Lessor by the Lessee.
- 14. ASSIGNMENT BY LESSEE/LESSOR. Lessee shall not assign or further encumber the Venicle. Lessor shall be from an assign this Lessor or pay of an eight not assign with the restrict with or will not the assignee will not as assignee with no encumber of setting the time times may have against the Lessor or any other paradic.
- 16 COMPLETION OF LEASE, I serve is authorized by Leasen in companie or context that Lease levels though principally signed by Leases, by the intention or contextion of sortal numbers, makelimodel numbers sincer other densitying references to the Venico and by religionments anchor connections chemical by Lesson acknowledges and agreement extend density contact same. Lesson acknowledges and agreement extend connections chemical source same.
- 18 TITLE AND REGISTRATION. The Vehicle shield be registered in the name of the Lessor under the Provincial Lines personing to motor vehicles to the Province of regular use. The IN THE ARCHESTRATER, THE VOICE STREET INFORMATION IT HE PARTS OF BY LESSON WHICH HAVE PRICES LINES FOR THE PARTS OF THE PA
- 17. TRACKING DEVICE, Lessor reserves the right to initial any organizating or engine control device and to use state for its benefit to locate, swam or state the Versida dumy of that ace terms are not horsoned. Lessor's night to this so is currentenive with all conser terms class cell read horson and remarkable at law. Lessor will not be responsible for any dismission belongs of business suffered by Lessee as a rotal of such use by Lesson of any device of the nature described herein.
- IS. MARITENANCE, REPAIR AND REPLACEMENT. Lasses at its own s-panse will musican the Venicle in good working order and condition further parts, repeal and other 18. MARTERANCE, REPAIR AND REPLACEMENT. Lesses at its own expanse will marked the Vehicle in good working order and condition furnish pairs, repair and other services necessary for such purpose, as set out in the overview mining in accordance with the manufacturer's suggested maintenance schedule. Lesses agrees that only confided mechanics will have a property of the purpose of impecting it. As modernment, pairs and accessores shall arrespond to property of the property of the purpose of impecting it. As modernment, pairs and accessores that arrespond to present or four value or tably of the Vehicle of sified only wentility, Lesson may at its side discretion, make or pay for all repairs and repairsment and the fragment has figurement in producing, including payment of lesses that fire present for repair and or storage of the expansion. Any costs incurred by the Lesson results of the Equipment shall be immediately due to the Lesson to the Lesson tray. It is not pair of the cultistancing balance of the Lesson tray, at the regular lesses and shall form pair of the cultistancing balance of the Lesson tray, at the regular lesses and shall form pair of the cultistancing balance of the Lesson tray.
- 19. INDEMINIFICATION OF LESSOR BY LESSEE, Lastes nevery executes labelly for, and does neverly agree to indemnity and save hamiless Lassor to agent and servants. 19. Indicating CATION OF LESSOR BY LESSOR. Lesson herely esturned about 101, and ones nerely agree to incorrany and save numers. Lessor it agents and services including larger to incorrany and save numers. Lessor it agents are conficult and demons from and agents any one of services, discussing larger superant. Lessor agents are considered to the Verlich, (including, without initiation, any obtain relating to any hyperior construction by Lasters, any closing lightest, moving violators or foll chargests. Lesson approach any left or licitudes parking lightest, moving violators or foll chargests. Lesson approach to the Lesson prompt makes of any charge globally trendly intermediat against. This closure shall be effective and or this force and effect on the case offect from the case of the section of this Lesson and the relating to any Vehicle under this Lesson has not yet commons. The indemnities consisted in this closure shall confirm in this force and effect not of the separation or other termination of this Agreement and shall be payable on contained. All expenses incurred under this paragraph shall be borne by Lesson.

Machine Works Industrial Inc.	Initiat Paud Francis Jr. Burns	[Intel ]
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Jody F Coombs	inda / si	
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Duniness Number: 821351634		
Version, 20170221 . 116151	Distant House to the Co. C. All Co. C. C. All Co. C. C. All Co. C.	

Printed: March 21, 2018 8-58 AND 10207, Play

Page 2 of 3

#### ADDITIONAL TERMS AND CONDITIONS

- 20. SECURITY DEFOSIT. Lessur may apply the Senarty Depose on it without all any little, but my amounts due under this Lance if my point by Lessue. Lesson will not want any a Security Deposit. At the incremation date of this Lesso, the Security Deposit, and of my arrears or payments due, will be refunded to Lesson.
- 21. EVENTS OF DEFAULT. The occurrence or happening of any one or more of its "ollowing shall constitute an Event of Default, (i) Leases fails to perform or observe any occurrent, term or condition instruction, (ii) between the made any material instruction in sealing or performing this Agreement, (iv) Leases becomes a restrict or committee and of incoheront, (iv) be should be instructed in societies (iv) a wait, purgream, execution, issue, estimated from or process is assued or ferred against the Vehicle or process control or occusation of its to meas promises under the Vehicle or process. It is to meas promises and/or the Vehicle or process is assued or ferred against the Vehicle or instructive" chanse. Upon the happening of any Event of Default, Enter in its breads discrete, may; (a) enter com the premients where such Vehicle is a located and take insmediate possession thereof and more the same without tablely to Lease at because and such entry or taking of possession; (b) in the name of and as its introcumbly appropriated opens and prover of attempt for Leases and sufficient terminated the Agreement, proceed to rest the Vehicle is any other, from or corporation on such terms and condons, for such period of time is Leases in a supply such mint only any amounts possible hereunder; (c) Leases accepts that it can end such a such remains that agreement and by entire notice to Leases a specifying a payment date not early than any serving appartite the vehicle to the supply such internation that agreement and by entire notice to Leases a specifying a payment date not early than any amounts go and experience of the transport of a supply such mints of the pay according to the supply such internation of a benefit of the supply such and offer amounts due and unput, and (ii) as a genuine processor of a character of the supply o
- 22. CROSS-COLLATERAL DEFAULT. A material debut under this agreement shall be desired and trigger a material debut under any and all agreement shall be desired an arguer a material debut under any and all lessors signed on this Agreement. This section agrees to excit tessor or Guaranter pindy and severally, and its any agreements between Lessor and Lessos where Lessos is also joint and severally Lessor may elect. In its sale distribution, to fortions and contract and other lessors and and the deemed to waive its rights under the section.
- 21. CROSS COLLATERAL SECURITY. If the Lesses is a Lesses under two or more lesses with the Lessor, the Lessor may, from time to time, modify this Vehicle and corresponding payments from among any of the states in which the flexics is a party, to any other inside in which the flexics is a party provided that the curvature payments of the Lesses after the treater does not exceed the total pre-transfer payment owing on all lesses. Lessor is all therefore the curvature payments of the Lesses after the treater does not exceed the total pre-transfer payment owing on all lesses. Lessor is all therefore the curvature payments of the curvature payments of the curvature payments of the curvature of the curvature of the curvature payments of the curvature of the curvature
- 24 NOTICES AND WAIVER. Any necess required to be given herein that be given to the parties in writing at the econesses receil, or to such other address as the parties may hereafter suchtlicked by written notice. Each pury hereto agrees that such notices shall be deemed to have been received by the other party on the day when such notices seek sant. The parties hereo agree mat his Agreement and all cocuments initiated thereto a uniform the English tanguage. (Les parties on presences convictored to decument soft redge on anglaid), in provinces where applicable, the Lessee waives written in the relevant Personal Property Security Art of a many of the Financing Statument have the
- 25 COLLECTION CHARGES. Should Leater fall to pay when one any part of the Rent, or renowal Rent herein reserved or any sum required to be paid to Leason hereunder, Leason that pay to Leason in Load a the rate of Leason here payments. In make on any and all definitions payments from the data thereof until paid in full at the rate of Leanington one-hundred herein (2%) par month compounded monthly. Leason further agrees to pay to Leason for a recurred cheque or a Pre-Authorized Payment door a charge to an amount the greater of \$50.00 or the sound benk charge.
- 26. MISCELLAMEOUS. (a) The Agreement shall be governor by the trans of the Province of Ontimo or at the option of the besser, the Province(s) in which the use of this Versite has countably littended and besser of sharps attorned to the province of the counts of such Province as the besser of the province of the special besser of any other term or any of Lesson's rights. (c) This Agreement commands the besser of the special besser of the province of the special by the obstact of the province of the province of the province of the Corp of Quebec, besser actively executed by the obstact of the province of the province of the Corp of Quebec, besser actively executed by the obstact of commands a Command of Lesson; (ii) For purposes of Lessos configuration, (ii) For our poses of the Corp of Quebec, besser actively executed the Agreement shall be commanded a Command of Lesson; (ii) For purposes of Lessos configuration, (iii) Interference of Missing Agreement and the province of the Lesson of Lesson of the Agreement shall send to be provided by that Active the province of the Lesson of the Agreement shall send to the termination of the Agreement, (ii) any Term of conditions shall remain affect.

Authorized Sig	graturo(s):	Accepted by Lesson: Equirex Vehicle Lessing 2007 Inc.
Lossee(s)	Machine Works Industrial Inc.	101-1465 North Service Rd E Oakville, ON L6H 1A7
Cc-Lessoe(s)	X Paul Francis Jr. Burns	
Co-Lessue(s)	Jody F Coombs	
Co-Lessee(s)	The state of the s	APR 0 5 7018
The state of the s		11222

Business Number: 821391604 Version, 20176221 , 116154



# EQUIPMENT LIST SCHEDULE A

Lease # 250-45 | 37

Equipm Variota Leading 2007 Inc. 101-1465 Nooth Service Rd E Qakvide QN L6H 1A7 Perce EFT-DE-1750 Fzs (864)-404-4148

It contains important Legal and Financial Terms and Conditions, Please mad all pages constaint. Feel free to est bereathed before segming.

Equipment Location (If different from Lease)

Oly Mixtel, Description, Serial Number

Applied Fabrication 2022 Exchanger Tube Sheet Diameter 68" – Weight Capacity 60,000 lbs SN-J291-22-0909

Tube and Shelt Trainer

2014 Maxey GDS30ACKT Trailer with c/w 36" Containment S/N-SRBGN3026EM031202

Careylin – Model 60 – Serial # 6021

Careylin – Model 45 – Serial # 4517

Applied Fabrication 2026 Exchanger Tube Sheet Diameter 79" – Weight Capacity 60,000 lbs S/N-J291-24-0909

FAX COPY: The Parties agree that a fax copy or an electronically transmitted copy of this document and the signatures of the parties on this document shall be sufficient for contractual purposes and will be deemed to be an original and forms an integral part of the Lease Agreement. The parties agree that this document may be signed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

Signatures The Linds	aralgned Affama That He/She is Duly Au	reference de la maio de la companya	Date Merl 23/19
Machine Works Industrial Inc.	X	Paul Francis Jr. Burns	X Strain
Jady F Coambs	K-4-		30.00
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Equirex Vehicle Leasing 2007 Inc. 101-1455 North Service Rd E Oakville, ON, L6H 1A7 Plume: (877)-378-4739 Fax: (868)-404-4148

## VEHICLE LEASE AGREEMENT

Notice: This is a Non-Cancelable, Binding Contract. It contains important Legal and Financial Terms and Conditions. Please read all pages carefully. Feel tree to ask questions before signing

Lease #	200,000
App. #	70207

LESSEE	Machine Works Industrial Inc. AND Paul Francis Jr. Burns AND Jody F Coombs													
ADDRESS	Street	11405 8	5 Ave			City	Fort 8	Saskat	chewa	n	Prov.	AB	Postal	T8L GA9
Contact	Name	lame Jody Coombs Tel: (980)-		(980)-99	92-929	2-9290 Fax:			Email:	Indiana-hadina-hisaa-ati		neworks.ca		
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Location	250200)100000			PORTRECONSUMPLY S	grantengaries invisional				DANIEL E STORE E SERVE	TOTAL SERVICE CONTRACTOR CONTRACT	MANUAL ARCHANIC		et et et et en	
Quantity	Make, M	odel, Seri	al Number, Descri	ption										
	See alta	ched Sc	hedule A which fo	rms a	an integr	al parl	of thi	s Leas	е Адге	ement	***************************************			
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RENTAL D	ETAILS	***************************************		ATT OF THE STATE OF THE STATE OF	WERE THE PROPERTY OF	ropolito — —					CALL ST. T. S. C. S.	-00		1
TERM # OF MOS	8	BER OF MENTS	PAYMENT/ FREQUENCY		PAYMEN METHOL		RENT	(AMOU	NT)	GST \$ / HST	s	PST 5	TOTAL R	ENT (AMOUNT)
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18	To Common to the	17	Monthly		PAD	e consideration of the constant of the constan	5	510,13	3.61	\$506.	58	\$0.00	).	\$10,640.29
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#### TERMS AND CONDITIONS (Continued on page 2 and 3)

- 1, CREDIT INVESTIGATION & CONSENT TO PERSONAL INFORMATION SHARING, Lesson beraby authorizes Lesson to conduct financial and credit investigations of Lessee to the purposes of approval, maintenance and enforcement of this Lease, or any judgment obtained by Lessor as a result of any default hereunder, and to obtain any information required from any source to which it may exply, and each source is hereby pull-priced to provide such information to Lesson. This includes, but is not finited to, the Lesson obtaining information from any credit reporting agency, creditor of Lessea, or banking and other financial institution where Lessee may have credit or depository facilities. Lesse may obtain such information at any time during the Lesse Term or after termination of the Lesse in the event any monics remain ewing to Lessor. I understand and consent to this application being held on file by Lessor for the above purposes, as well as for statistical analysis, until twelve months from the end of the lessing relationship, after which Lessor, in keeping with its privacy policy, will destroy this document subject to any overriding legislation or government regulations, if I wish a copy of the official Privacy Policy, I may request same.
- 2. JOINT AND SEVERAL LIABILITY. Lessee and Co-Lessee(s), unconditionally and abeclutely promise to bessor, including its successors and assigns, as Principal obligor, the full and prompt performance of all present and future obligations under the Agreement, including all schedules, addends and amendments which may be added or made from time to time. Lessee and Co-Lessee(s) agree that their liability for such obligations is joint and several. Any and all payments made in respect of the obligations hereunder from time to time, and mones reaked from any securities held therefore, may be applied to such part or parts of the obligations as Lesser seas fit, Lesser shall not be required to enforce or exhaults any particular retrieval, as against any particular retrieval. which shall be cumulative, not exclusive, and in no order of requirement,
- 3.NOTE TO LESSEES AND CO-LESSEESS: All signatures to this Lease bind the Signator(s) to Lesser for the duration of the Lease regardless of any agreements between Lessees All Lessees acknowledge that they have sed the midti-page Agreement and According Terms and conditions and had the opportunity to ask for any explanations, and that they have had ample time to consult legal and other advisors prior to signing. Lessee and Co-Lessee(s) accept that where they have signed this contract under their own names, they have signed in their personal capacity. This Agreement shall not become binding on Lessor until accepted in writing by Lessor as evidenced by the dated signature of a duly authorized representative of Lesson.
- 4. NON-CANCELABLE CONTRACT. The Lessee authorizes and directs the Lessor to purchase the Vehicle from the Vendor and authorizes payment of the Vendor's invoice. Notwithstanding that delivery of the Vehicle is pending and may not have been delivered, the Lessee agrees that all of its obligations under the Lesse, including its obligation to make payments hereunder, are of full force and effect as of the date of this Lease. Once funds are advanced by the Lessor, this agreement cannot be terminated by the Lessor whatsoover. In the event the Lessee cancels this Lease after signing the Lease but prior to funds being advanced. Lessee will pay a cancellation fee of the greater of a) \$ 500,00, or, b) 10% of the total Vehicle cost in addition to any partial funds advanced. This cancellation fee will also apply if Lessor cancels the Lesse due to a) Lessee's initial payment being dishonoured, or, b) Lessee making misrepresentations that influenced the Lesser into approving the Lesse
- 5. RENTAL PAYMENT AND ACKNOWLEDGEMENT, Lessor hereby sents to Lessee the personal property listed and described hereof ("Vehicle") set forth herein The Lossoe acknowledges that the payments under the proposed lesse are renal payments for the use of the Vehicle, and not payments of principal and interest. The Lessee further acknowledges that the payments under the proposed lesse are renal payments for the use of the Vehicle, and not payments of principal and interest. The Lessee further acknowledges that the sahe cannot and should not rely on any interest and representations made by the troter, the vender, or any other hind party. The central payments are greater than the value of the vehicle, Lessee shall pay to Lessor the Total Rent ("Rent") (set forth on the linst page of the Lease Agreement) on the first day of each payment period of the Term commencing in the period following the delivery of the Venicle.
- 6. PAX COPY AND AGREEMENT IN COUNTERPART. The parties agree that a fax copy or an electronically transmitted copy of this Agreement and any ancifary documents and the signature of the parties on this Agreement and those documents shall be sufficient for contractual purposes and the lax copy or the electronically transmitted copy shall be deemed to be an original. The parties agree that this Agreement and any ancillary documents thereto may be signed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement. Notices and documents required by law may also be sent by the Lessor electronically or by Fax.
- 7. FIDUCIARY DUTY . Lessee asknowledges that it uses the Vehicle solely at the discretion of the Lesser and in eccordance with the terms of this Agreement. Lesses helds the Vehicle as trusted for the Lessor, and the Lessoe's fiduciary obligations to Lessor include, but are not limited to, holding and maintaining the Vehicle in Lessoe's care and control for benefit of Lesson so the Vehicla may be returned to Lesson upon default or completion of this Agreement.

Machine Werks Industrial Inc.	Initial: Paul Francis Jr. Burns	Initial:
Jody F Coombs	tritia:	
Business Number: 821391504		
Version, 20170221 , 116154	Printed: March 21, 2018 8:55 AM 70207. Rev.1	LT4 Page 1 of

## ADDITIONAL TERMS AND CONDITIONS (Continued on page 3)

- 8. NO RIGHT TO SELL. Lessee has no right to sell, sublet, or otherwise transfer any interest in the Vehicle. If such size, subjet, or transfer is deemed or occurs, any proceeds shall be received and held in trust for benefit of Lessor, to be promptly delivered to Lessor, without any compromise or warver of Lessor's interest in the Vehicle.
- 9. LOCATION AND USE. The Vehicle shall be located and stored at the place designated on the first page of the Lease Agreement. The Vehicle shall not be located or stored elsewhere without the prior consent of the Lessor. Removal without such consent shall be deemed their of the Vehicle. The Lesses shall, upon request by the Lessor, provide the location of the Vehicle at any point in time. Failure to provide the location of the Vehicle at any point in time. Failure to provide the location upon request, and removal without consent, trigger a default of this Lesse, Lesses warrants and agrees that the Vehicle will be used for business or commercial purposes only and not personal, family or household purposes and accordingly will not be subject to or interpreter in accordance with any consumer protection laws.
- 10. REPRESENTATIONS AND WARRANTIES. Lessed acknowledges that the Vendor of the Venicle and the Venicle itself have been selected by Lessee for the purpose of the restal under this Agreement and that the Lessee alone has full knowledge of the Vehicle and its condition. Lessee acknowledges that Lessor has had no part in the sate or selection of the Vehicle nor has Lessor had the opportunity to inspect the Vehicle. Except as hereafter set forth, there are no representations, warranties or conditions (express implied. statutory or otherwise) whatscover given by the Lessor in respect to the Vehicle, including, but without Imitation, the merchantability, condition, design, capabilities, use, operation or lithress for any particular purpose or its freedom from Iens and encumbrances. The Vendor of the Vehicle and the broker are not, agents of the Lessor and are merely condusts for the purposes of facilitating the paperwork and funds required to bring this Lease into effect and any representations or warrances made by the Vendor, broker or any third party do not bind the Lessor unless distinctly documented and approved in writing by the Lessor. If the Vehicle does not function, perform or operate as intended by Lessee or as represented by one of Lesson interest interesting observations of the period of the Verlor, or is unacceptable for any other reason whatevover, Lesson shall claim only against supplier or Vendor and shall reventheless unconditionally pay Lesson and Rent and other amounts payable hereunder. The Lesson is not liable for any loss of business, demage, or expense of any kind whatevever and however caused, directly or indirectly, by the Vehicle or its use, operation, ownership, installation, service or repairs. Lesson accepts Vehicle on an "as is, where is" basis against Lesson. Lesson hereby assigns to Lesson and Lassee hereby accepts for and during the applicable Term, any warranties of the Vendor with respect to the Vendor.
- 11. RETURN OF VEHICLE UPON TERMINATION. At the end of the Term or upon termination of this Lease for any reason, Lessee shell at Lease of a expense deliver the Vehicle to Lessor, It lesses fails to do so within ten (10) days. Lessor shall have the right to enter upon the premises where the Vehicle may be and take possession of it at Lessee's expense without logal process, without fiebility to Lessor. Lessor shall have the right to enter upon the premises where the Vehicle may be and take possession of it at Lessee's expense without logal process, without fiebility to Lessor. Lessor hardy without go the first to enter upon the premises which it might otherwise have by reason of any such entry, taking or removal, including claims for tresposs. If the Vehicle, when returned to or recovered by Lessor, is not in good condition and repair, Lessor may, at Lessee's expense payable on demand as additional fient, make all repairs and replacements necessary to piece such Vehicle in as good condition as it was at the date of commencements of the highral term turned, reasonable when and lest excepted. In the event that Lessee fails to return the Vehicle to Lessor upon the expiration of the Term, then Lessee shall be deemed to be "overholding" and Rents shall continue to scorue, in the event of default in the Lessee in hereinafter set forth, the Lessee inevocably grants the Lessor the right to sign a Voluntary Consent and Order for the Surrender and Sale of the Equipment on behalf of the Lesson.
- 12. LAWS AND TAXES. Lesses shall comply with all governmental laws, regulations and orders applicable to the Vehicle and its use and agrees to pay when due all license less, assessments and all taxes, including but not limited to sales taxes, pooks and services taxes, property laxes, excise and other taxes ever imposed by any tederal, provincial, municipal or other taxing authority relating to this Agreement and/or the Vehicle (excluding income and capital taxes of Lessor), and further include all tolks and toll violations, lines or other government levies attributable to your usage during the term or continuation of the Lesser. Any fees, taxes or other knowly charges paid by Lessor upon failure of Lessee to make such payments shall at Lessor's option be payable immediately from Lessee to Lessor.
- 13. INSURANCE. Lasses shall obtain prior to the delivery of the Vehicle and maintain for the entire term of this Lease, at its own expense, insurance for all risks of physical loss or damage to the Vehicle and to personal especially and identify covered by insurance on the type of Vehicle leased hereunder and by prudent operators of businesses smillar to that in which Leases is angaged. In such amounts, in such form and with such insurers as shall be satisfactory to Lessor with the following minimums furthers a higher amount is required by lawly a) third party liability with a combined single occurrence limit of all least \$2,000,000 for a trailer; b) comprehensive fire and theft for the full replacement cost of the vehicle with a maximum deductible of \$5,000; c) collision for at least the full replacement cost of the vehicle with a maximum deductible of \$5,000; c) collision for at least the full replacement cost of the vehicle with a maximum deductible of \$5,000; c) collision for at least the full replacement cost of the vehicle with a maximum deductible of \$5,000; c) collision for at least the full replacement cost of the vehicle with a maximum deductible of \$5,000; c) collision for at least the full replacement cost of the vehicle with a maximum deductible of \$5,000; c) collision for at least the full replacement cost of the vehicle. The replacement cost of the vehicle with a maximum deductible of \$5,000; c) collision for at least the full replacement cost of the vehicle. The replacement cost of the vehicle with a maximum deductible of \$5,000; c) collision for at least the full replacement cost of the vehicle. The replacement cost of the vehicle with a maximum deductible of \$5,000; c) collision for at least the full replacement cost of the vehicle. damage to or loss of other property and/or persons insured under the policy, and payable to Lessor. Each such policy shall also contain a clause requiring the insured under the policy, and payable to Lessor. Each such policy shall also contain a clause requiring the insurer to give at least 30 days prior written notice of any alteration in terms of such policy or the cancellation thereof. Lessor shall turnish to Lessor a certificate of insurance prior to the commencement of the term of this Lesso and 30 days prior to the exprise date of each such insurance policy. Lessoe further agrees to give Lessor prompt notice of any damage or loss of the Vehicle of any part thereof. Lesson will all its own expense make all proofs of loss and take all other steps necessary to recover insurance benefits. If the vehicle should be damaged but is capable of being repaired and the proceeds are insufficient to pay the repair cost, the Lesson accepts that the Vehicle will be mapped to the proceeds are insufficient to pay the repair cost, the Lesson accepts that the Vehicle will be mapped to the proceed and the proceeds are insufficient to pay the repair cost, the Lesson accepts that the Vehicle will be mapped to the proceed and the proceeds are insufficient to pay the repair cost, the Lesson accepts that the Vehicle will be mapped to the proceed and the proceeds are insufficient to pay the repair cost, the Lesson accepts that the Vehicle will be mapped to the pay the proceed and the proceeds are insufficient to pay the repair cost, the Lesson accepts that the Vehicle will be mapped to the pay the pay the proceed and the proceeds are insufficient to pay the repair cost, the Lesson accepts the vehicle will be mapped to the pay the proceed and the proceeds are insufficient to pay the repair cost, the Lesson accepts the vehicle will be mapped to the pay the proceed the policy of the pay the pa and pay any and all shortfalls between the insurance proceeds and the repair or replacement cases. Where, in the opinion of the Insure, the Velidale is damaged beyond repair.

  Lessee agrees to continue to pay the Lessee Payments for the Term until a complete and still settlement, as determined by the Lesser in our sole and absolute discretion, is received by us from the Insurer or the Lessee, Lessee egrees that the Lesser shall not be required to provide the Lessee with a replacement vehicle white is being repaired or replaced or if the vehicle is damaged beyond repair. Performance by Lessor under this paragraph will not affect or replace Lesses that the Chaitse is all expenses incurred under this paragraph shall be borne by Lessor may, without limiting its rights under this paragraph, make any registration and any such charges shall be immediately matched by Lessee. payable to the Lesser by the Lessee.
- 14. ASSIGNMENT BY LESSEE/LESSOR. Lesses shall not assign or further encumber the Vehicle. Lessor shall be free to assign this Lease or any of its rights hereunder with or without notice to the Lessee. The rights of the assignee will not be subject to any claims, defences or setoffs that the Lessee may have against the Cossor or any other person.
- 15. COMPLETION OF LEASE, Lesser is authorized by Lessee to complete or correct this Lesse, even though previously signed by Lessee, by the insertion or correction of serial numbers, make/model numbers and/or other identifying rehorances to the Vehicle and by adjustments and/or corrections deemed by Lessor to be derived in nature. Lessee acknowledges and agrees that clerical errors shall not affect the validity of this Agreement, and that Lessor shall be entitled to unliaterally correct same.
- 18. TITLE AND REGISTRATION. The Vehicle shall be registered in the manne of the Lessor under the Provincial Laws pertaining to motor vehicles in the Province of regular use. The Utiense paties will be registered in the reme of the Lessee. Lessee shall have no right, life, interest in the Vehicle other than the right to maintain its possession and its use for the full Term and any Ronowal Period, conditional upon Lessees furtiliment of all the terms and conditions of this Agreement. Lessor and Lessee hereby confirm their intent that the Vehicle shall always remain and be deemed personal or moveable property. All expenses incurred under this paragraph shall be borne by Lessee. Lessor may, without smilling its rights under this paragraph, make any registration and any such charges shall be immediately payable to the Lessor by the Lessee.
- 17. TRACKING DEVICE. Lessor reserves the right to install any tracking or engine control device and to use same for its benefit to locate, secure or seize the Vehicle if any of the lesso terms are not honored. Lessor's right to do so is cumulative with all other nemedies set out herein and aveilable at law. Lessor will not be responsible for any damage or loss of business suffered by Lessee as a result of such use by Lessor of any device of the nature described herein.
- 18. MAINTENANCE, REPAIR AND REPLACEMENT. Lessee at its own expense will maintain the Verside in good working order and condition, furnish parts, repair and other services excessary for such purpose, as set cut in the owners manual in accordance with the manufacturer's suggested maintenance schedule. Lesses agrees that only continue mechanics will repair the vehicle. Lesses shall at all reasonable lintes have access to the Vehicle for the purpose of inspecting it. All replacement, parts, and accessories shall at all reasonable lintes have access to the Vehicle for the purpose of inspecting it. All replacement, parts, and accessories shall be improporty of Lessor. Lesses may from time to time add parts or accessories not lessed hereunder to the Vehicle only if such addition does not impair the present or future value or utility of the Vehicle or effect any warranty. Lessor may, at its sele discretion, make or pay for all replacements necessary to maintain the Equipment in good repair, including payment of items that are placed against the Equipment for repair and or storage of the equipment. Any costs incurred by the Lessor stating to the Equipment shall be immediately due and payable to the Lessor by the Lesses and shall form part of the outstanding belance of the Lesse. Lossor may, at its sele distribution, set out thems for manufacture of such purposes to the Lessor of the control of such purposes. at its acte discretion, set cut terms for repayment of such amounts, in addition to or as part of the regular lesse payments.
- 19. INDEMINIFICATION OF LESSOR BY LESSEE, Lassee hereby assumes liability for, and does hereby agree to indemnity and save harmless Lesser, its agents and servants officers and directors from and against any and at actions, claims, liens, costs, disbursements, expenses (including legal expenses). Itabilities or taxes whisteoever in any way relating to the Vehicle, (including, without limitation, any claim relating to any types of defects whatsoever, whether or not discoverable by Lessee, any claim in tort for strict liability or negligence or any traffic lickets, parking lickets, marving virtualizers or tell charges). Lessee agrees to give Lesser prompt notion of any claim or fability hereby indemnified against. This claims shall be effective and in full force and effect from the date of the execution of this Lesse aven though the rental term of any Vehicle under this tease has not yet commenced. The indemnifies contained in this clause shall continue in full force and effect notwithstanding the expiration or other termination of this Agreement and shall be payable on demand. All expenses incurred under this paragraph shall be borne by Lessee.

Machine Works Industrial Inc.	Inital: Paul Francis Jr. Burns	Initial:
Jody F Coombs	Initial: X	Mariante de la companya del companya de la companya del companya de la companya d
Business Number: 821391604 Version: 20170221 : 116154	Printed: March 21, 2018 8.56 AM 70207, Rev. 7	LT4 Page 2 o

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#### ADDITIONAL TERMS AND CONDITIONS

- 20. SECURITY DEPOSIT. Lessor may apply the Security Deposit as it wishes, at any time, to any amounts due under this Lease if not paid by Lessoe. Lessee will not earn any interest on the Security Deposit. At the termination date of this Lease, the Security Deposit, not of any arrears or payments due, will be refunded to Lessee.
- 21, EVENTS OF DEFAULT. The occurrence or mappening of any one or more of the following shall constitute an Event of Default: (i) Lessee felts to pay any amounts payable 21. EVENTS OF DEFAULT. The occurrence or happening of any one or more of the following shall constitute an Event of Default: (i) Lessee fails to pay any amounts payable hereunder; (ii) Lessee fails to perform or observe any covenant, term or condition hereunder; (ii) Lessee has made any material misrepresentation in adeking or performing this Agreement; (iiv) Lessee becomes insolvent or commits an act of insolvency, (v) barriarphoy, reorganization or insolvency proceedings are instituted by or against Lessees, (vi) a wild, judgment, execution, lien, attachment or process is issued or levied against the Vehicle; (vii) Lessee loses control or possession of its business premises and/or the Vehicle to any creditor; (viii) Vehicle is at rick; (ix) Lessee to the process is issued or levied against the Vehicle; (vii) Lessee loses control or possession of its business premises and/or the Vehicle to any creditor; (viii) Vehicle is at rick; (ix) Lessee to the top of the promises where such Vehicle is located and take immediate possession thereof and remove the same without liability to Lessee process of such entry or taking of possession; (b) in the name of and as the interocably appointed agent and power of attorney for Lessee and without terminating or being deemed to have terminated this Agreement, proceed to rent the Vehicle to any other. Ifind or corporation on such terms and conditions, for such rent and for such period of time as Lessor may deem fit and apply such rent to entry amounts payable hereunder; (c) Lessee accepts that Lessee's remedies will include the right to make any Software used by the Vehicle inoperative through any means, (d) terminate this Agreement and by written notice to Lessee specified in such notice the sixe of the right to make any Software used by the Vehicle inoperative through any means, (d) terminate this Agreement and by written notice to Lessee specified in such notice the sixe of (i) any Rent and other amounts due and unpaid, and (ii) as a genuine preestimate of actual camages for loss of a bargain and not as a penalty, an amount equal to the passent value of the aggregate of all Rent payable to the expiration of the Rent discounted using a six percent (6%) discount rate, and (iii) the amount of any residual interest which Leason may have in the Vehicle which was used in the calculation of the Rent; (iv) as a late charge, require the payment of interest at the rate of twenty-six and eighty-two one-hundredths percent (26.52%), on such amount, calculated and compounded at the rate of Me percent (2%) per month compounded monthly on any due payment until peld and (v) oil logal costs on a full supstantial indemnity basis and collection costs incurred by Lassor as a result of the event of default. No remady of Lessor available in this Lesse, in two, or in equity, shall be exclusive or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. Lessee hereby authorizes its landicid to provide Lessor access to the Location to remove the Venicle in case of default. One Lessee can bind all lessees in the event of a voluntary surrender.
- 22, CROSS-COLLATERAL DEFAULT, A material default under this agreement shall be deemed and trigger a material default under any and all agreements between Lessor (whether Lessor is driginal Lessor or assignee) and any and all Lessees signed on this Agreement. This section applies to each Lessee or Quaranter (only) and severally, and to any agreements between Lessor and Lessee where Lessee is also joint and several. I assor may elect, in its sole discretion, to forther enforcement on any other Lessee, but in an doing. Lessor shall not be deemed to waive its rights under this section.
- 23. CROSS COLLATERAL SECURITY. If the Lesses is a Lesses under two or more teases with the Lesser, the Lesser may, from time to time, modify the Vehicle and payments from among any of the leases in which the Lessee is a party, to any other lease in which the Lessee is a party, provided that the cumulative payments of the Lessee after the transfer does not exceed the total pre-transfer payments owing on all leases. Lesser is at liberty to make such modifications at its own discretion and will provide the Lessee with notification of such modifications.
- 24. NOTICES AND WAIVER. Any notices required to be given herein shall be given to the parties in writing at the addresses herein, or to such other address as the parties may hereafter succistude by written notice. Each party hereto agrees that such notices shall be diseased to have been received by the other party on the day when such notices were sent. The parties hereto agree that this Agreement and all documents related thereto be written in the English language. (Les parties en présences conviennent à conquer ce documents related thereto be written in the English language.) In provinces where applicable, the Lessae waives written notice under the relevant Personal Property Security Act of a copy of the Financing Statement from the
- 25. COLLECTION CHARGES. Should Leader fail to pay when this any part of the Rent, or renewal Rent herein reserved or any sum required to be paid to Lessor hereinder, Lessee shall pay to Lessor, in addition to any other payments, interest on any and at delinquent payments from the date thereof until paid in full at the rate of twenty-six and eighty-two one-hundredths percent (26.82%), on such amount, calculated and compounded at the rate of two percent (26.82%), on such amount, calculated and compounded at the rate of two percent (26.82%). for a returned cheque or a Pre-Authorized Payment debit a charge in an amount the greater of \$50,00 or the actual bank charge,
- 26. MISCELLANEOUS. (a) This Agreement shall be governed by the laws of the Province of Ontario or, at the option of the Lessor, the Province(s) in which the use of this Vehicle was originally intended and Lassee hereby attorns to the jurisdiction of the courts of such Province as the Lessor selects; (b) No waiver by Lessor of any term of this Agreement shall constitute a waiver of any other term or any of Lassor's rights; (c) This Agreement contains the whole of the agreement between the parties and there are no collateral agreements or conditions not specifically set forth herein, and no modifications, emendments, additions or variations shall be binding unless agreed to in writing and properly executed by the parties. (i) This Agreement shall be binding upon the parties hereto and their permitted successors and assigns; (e) for purposes of the CNZ Code of Quebec, Leases exhanotherous amounts of the CNZ Code of Quebec, Leases exhanotherous and their permitted successors and assigns; (e) for purposes of the CNZ Code of Quebec, Leases exhanotherous and their permitted successors and assigns; (e) for purposes of the CNZ Code of Quebec, Leases exhanotherous and the permitted of the CNZ Code of Quebec, Leases exhanotherous and the permitted of the CNZ Code of Quebec, Leases exhanotherous exhanotherous and the CNZ Code of Quebec, Leases and CNZ Code of Quebec, Leases and Quebec, Lease and Quebec, Leases and Quebec, Lease and Quebec, Leases and Quebec, Leases and Quebec, Lease and Q

Authorized Sig	nature(s):	Accepted by Lessor: Equirex Vehicle Leasing 2007 Inc.
Lessee(s)	X /	101-1465 North Service Rd E
Email: jody.coc	Machine Works Industrial Inc. mbs@machineworks_ca	Oakville, ON L6H 1A7
Co-Lessee(s)	X = X	s0 are vectors
	Paul Francis Jr. Burns	
Co-Lessee(s)	Jody F Coombs	
	Judy F Cookins	Authorized Sgnature
Co-Lessee(s)	Laurent Control of the Control of th	APR 0 5 2018
		Cate:

Business Number: \$21391604 Version, 20170221 , 116154



# **EQUIPMENT LIST SCHEDULE A**

Lease # App. # 70207

Equirex Vanicio Leasing 2007 Inc. 101-1465 North Service Rd E Cleaville, CIV. LGH 1A7 Phorex (877)-378-2739 Fax: (365)-404-4148

दे Contains important Logal and Financial Terms and Conditions, Pigase road में pages carefully. Feel free to sak questions before signing.

1.00000	Moseo Mashina Wasta to finish to AND Dayl Committee to Day AND Co. T. D.				
Lessee	Name Machine Works Industrial Inc. AND Paul Francis Jr. Burns AND Jody F Coombs				
	ment Location (If rent from Lease)				
Qty	Model, Description, Serial Number				
1	Applied Fabrication 2022 Exchanger Tube Sheet Diameter 66" - Weight Capacity 60,000 lbs S/N-J291-22-0909				
1	Tube and Shell Trainer				
1	2014 Maxey GDS30ACKT Trailer with c/w 36' Containment S/N-5R8GN3026EM031202				
1	Careylift - Model 60 - Serial # 6021				
1	Careylift - Model 45 - Serial # 4517				
1	Applied Fabrication 2026 Exchanger Tube Sheet Diameter 79" - Weight Capacity 60,000 lbs S/N-J291-24-0909				

FAX COPY: The Parties agree that a fax copy or an electronically transmitted copy of this document and the signatures of the parties on this document shall be sufficient for contractual purposes and will be deemed to be an original and forms an integral part of the Lease Agreement. The parties agree that this document may be signed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

Signatures: The Unx	dersigned Affirms That He/She is Oul	y Authorized To Execute This Agreement	Date : /////23	77
Machine Works Industrial Inc.	X System	— Paul Francis Jr. Burns	X Signature	
Jody F Coombs	X Signature /		Signature	
Carrier Carrie	And the state of t			



Equirex Vehicle Leasing 2007 Inc. 101-1465 North Service Rd E Oakville, ON, LSH

Phone: (877)-378-4739 Fax: (888)-404-4148

# **General Security Agreement** SCHEDULE GSA

It contains important Legal and Financial Terms and Conditions Please read all pages carefully. Feel free to ask questions before signing.

Lease#	Blanket
App.#	Blanket

### 1. Secured Interest in Collateral -

Machine Works Industrial Inc. the 'Debtor"

For valuable consideration grants, assigns, transfers, sets over, mortgages and charges to Equirex Vehicle Leasing 2007 Inc. (the "Secured Party") as and by way of a fixed and specific mortgage and charge, and grants to the Secured Party a security interest in the present and future undertaking, properly and assets of the Debtor, including, without limitation, the following property (the "Collateral"):

- (a) all goods now or hereafter comprising part of the inventory of the Debtor, including, but not limited to, goods now or hereafter held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession, or finished goods;
- (b) all goods now or hereafter used or intended to be used in any business of the Debtor (and which are not inventory) including, but not limited to, fixtures, equipment, livestock, mechinery, vehicles and other tangible personal property, whether described hereto or not:
- (c) all debts, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Debtor, and all claims of any kind which the Debtor now has or may hereafter have, including, but not limited to, claims against the Crown and claims under insurance policies;
- (d) all chattel paper now or hereafter owned by the Debtor;
- (e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or non-negotiable, now or hereafter owned by the Debtor;
- with respect to the personal property described in sub-paragraphs (c), (d) and (e), all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (g) all shares, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;
- (h) all proceeds from the sale or transfer of any form of quota, included but not limited to quota for milk, apparel, etc.
- all goodwill, patents, trade marks, copyrights and other industrial property and all intangibles now or hereafter owned by the Debtor;
- with respect to the personal property described in sub-paragraphs (a) to (h) inclusive, all substitutions and replacements thereof, increases, additions and accessions thereto and any interest of the Debtor therein; and
- (k) with respect to the personal property described in sub-paragraphs (a) to (i) inclusive, personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property destroyed or damaged.

In this paragraph, the words "goods", "inventory", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the Personal Property Security Act, or the Civil Code, as appropriate, including all amendments thereto, (the "PPSA"). In this Agreement, any reference to "Collateral" shall, unless the context otherwise requires, refer to "Collateral or any part thereof". In this Agreement, "Collateral" shall include the proceeds thereof.

# 2. Obligations Secured

The fixed and specific mortgages, charges and security interest granted hereby: secures the performance by the Debtor of all of its present and future obligations (such obligations being herein called, and included in, the "Obligations") to the Secured Party under the following described agreement and any future additions or changes to the Lease Agreement to the following "Parties":

Lease Agreement # :	Blanket	Lease Date	APR US ZOO	
Lessoc :	Machine Works Industrial Inc.	Particular Commission		
Co-Lessee(s):	Paul Francis Jr. Burns AND Jody F Coombs			
Lessor:	Equirex Vehicle Leasing 2007 Inc.	And the second of the second o	·	

### 3. Representations and Warranties

The Debtor represents and warrants as follows:

- (a) the Debtor is, or is to become, the beneficial owner of the Collateral;
- (b) the Debtor has, or will have when the Collateral is acquired, the right to create mortgages and charges of, and grant a security interest in, the Collateral in favour of the Secured Party;
- (c) the Collateral is, or will be when acquired, free and clear of all security interests, mortgages, hypothecs, charges, liens, encumbrances, taxes and assessments;
- (d) this Agreement has been duly and properly authorised by all necessary action and constitutes a legal, valid and binding obligation of the Debter, and

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(e) The Debtor has, and at all times hereafter shall have, full power and lawful authority, corporate and other, to grant the Security Interests.

#### 4. Covenants

The Debtor hereby agrees that:

- (a) Maintain, Use; the Debtor shall diligently maintain, use and operate the Collateral and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- (b) Insurance; the Debtor shall cause all of the Collateral, to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature of and to the extent that such Collateral is usually insured by businesses operating or using Collateral of a similar nature in the same or similar localities and shall maintain such insurance with loss, if any, payable to the Secured Party and shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party.
- (c) Rent, Taxes, stc.; the Debter shall pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral, or any part thereof, as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipt and vouchers establishing such payments;
- (d) Observe Law; the Debtor shall duly 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;
- (e) Books, Records; the Debtor shall keep proper books of accounts in accordance with sound accounting practice and the Debtor shall furnish to the Secured Party such financial information and statements relating to its business and the Collateral as the Secured Party may, from time to time, require, and the Debtor shall permit the Secured Party or its authorised agent at any time, at the expense of the Debtor, to examine the Collateral and to examine the books of accounts and other financial records and reports of the Debtor, including, but not limited to, books of accounts and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom:
- (f) Information; the Debior shall furnish to the Secured Party information with respect to the Collateral and the insurance thereon as the Secured Party may, from time to time, require, and the Debtor shall give written notice to the Secured Party of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral;
- (g) Other Encumbrances; the Debtor shall not, without the prior consent in writing of the Secured Party, create any security interest, mortgage, hypothec, charge, lien or other encumbrance upon the Collateral, or any part thereof;
- (h) Disposition; the Debtor shall not dispose of the Collateral without the express written consent of the secured party.
- (i) Defend Title; the Debtor shall defend the title to the Collateral against all persons and shall, upon demand by the Secured Party, furnish further assurance of title and further security for the Obligations and execute any written instruments or do any other acts necessary to make effective the purposes and provisions of this Agreement; and
- (i) Change of Name; the Debter shall not change its name or sell, exchange, assign or lease or otherwise dispose of the Collateral, or any interest therein, without the prior written consent of the Secured Party except that, until an event of default as described in paragraph 6, occurs, the Debter may sell or lease inventory in the ordinary course of its business.

## 5. Sale Proceeds from Trust

As Debtor has agreed not to sell any or all of the Collateral, in the event that Debtor does so, then Debtor receives any proceeds from such sale in trust for the benefit of the Secured Party, and shall immediately upon receipt of such funds deliver monies to the Secured Party.

# Immediate Possession

Upon failure by the Debtor to perform any of the agreements described in paragraph 4 hereof, the Secured Party is authorised and has the option to take possession of the Collateral and, whether it has taken possession or not, to perform any of the agreements in any manner deemed proper by the Secured Party, without waiving any rights to enforce this Agreement. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable solicitors' costs and legal expenses) incurred by the Secured Party in respect of the custody, preservation, use or operation of the Collateral shall be deemed advanced to the Debtor by the Secured Party, shall bear interest at the rate of 24% per annum and shall be secured by this Agreement.

# 7. Events of Default

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At the option of the Secured Party, the Obligations shall immediately become due and payable in full upon the happening of any of the following events:

- (a) if the Debtor shall fail to pay or perform, when due, any of the Obligations;
- (b) if the Debtor shall fail to perform any provisions of this Agreement or of any other agreement to which the Debtor and the Secured Party are parties;
- (c) If any of the representations and warranties herein is or becomes incorrect in any respect at any time;
- (d) if the Debtor, or any guarantor of any of the Obligations, ceases or threatens to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;

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- (e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Debtor or any guarantor of any of the Obligations declared bankrupt or wound up, or to have a receiver appointed in respect of the Debtor or of any guarantor of any of the Obligations or of any part of the Collateral or if any encumbrancer takes possession of any part thereof;
- (f) if any execution, sequestration or any other process of any court becomes enforceable against the Debtor or any guarantor of any of the Obligations, or if any distress or analogous process is levied upon the Collateral, or any part thereof;
- g) if the Secured Party, in good faith, believes that the prospect of payment or performance of any of the Obligations is impaired.

# Remedies

If, pursuant to paragraph 6 hereof, the Secured Party declares that the Obligations shall immediately become due and payable in full, the Debtor and the Secured Party shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a debtor and a secured party respectively under the PPSA and those provided by this Agreement. The Secured Party may take immediate possession of the Collateral and enforce any rights of the Debtor in respect of the Collateral by any manner pormitted by law and may require the Debtor to assemble and deliver the Collateral or make the Collateral available to the Secured Party at a reasonably convenient place designated by the Secured Party. The Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral, or any part thereof, or may, by instrument in writing, appoint any person to be a receiver of the Collateral, or any part thereof, and may remove any receiver so appointed by the Secured Party and appoint another in his stead; and any such receiver appointed by instrument in writing shall have power (a) to take possession of the Collateral, or any part thereof, (b) to carry on the business of the Debtor, (c) to borrow money required for the maintenance, preservation or protection of the Collateral, or any part thereof, or for the carrying on of the business of the Debtor on the security of the Collateral in priority to the mortgage and charge and security interest created under this Agreement, and (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine; provided that any such receiver shall be deemed the agent of the Debtor and the Secured Party shall not be, in any way, responsible for any misconduct or negligence of any such receiver.

# 9. Expenses

Any proceeds of any disposition of any of the Collateral may be applied by the Secured Party to the payment of expenses incurred in connection with the retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including reasonable solicitors' fees and legal expenses and any other reasonable expenses), and any balance of such proceeds may be applied by the Secured Party towards the payment of the Obligations in such order of application as the Secured Party may, from time to time, effect. All such expenses and all amounts borrowed on the security of the Collateral under paragraph 7 hareof shall bear interest at 18% per annum and shall be Obligations under this Agreement. If the disposition of the Collateral fails to satisfy the Obligations and the expenses incurred by the Secured Party, the Debtor shall be liable to pay for any deficiency on demand.

10. Appointment of Attorney

The Debtor hereby constitutes and appoints the Secured Party, or any receiver appointed hereunder, the true and lawful attorney of the Debtor irrevocably with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient. The Debtor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest, is given for valuable consideration.

### 11. Place of Business of Debtor and Notices

The following is the Debtor's principal place of business:

11405 85 Ave. Fort Saskatchewan, AB T8L DA9

The Debtor shall not change its principal place of business, head office or the location of any of the Collateral or the records in respect thereof without giving to the Secured Parties not less than ten (10) days prior written notice.

Every notice, consent, demand and other communication in connection with this Security Agreement and all legal process in regard hereto shall be validly given, made or served if in writing and delivered to, or mailed, postage prepaid, or telecopied or telescopied or telegraphed or other similar form of communication (collectively "Electronic Communication").

If to the Debtor, see above Otherwise If to the Secured Party: 101-1465 North Service Rd E Oakville, ON, L6H 1A7

or to such other address, number or person as any party may, from time to time, designate by notice.

Any notice, requisition, demand or other instrument, if delivered, shall be deemed to have been given or made on the day on which it was delivered, and if sent by Electronic Communication, shall be deemed to have been given or made on the business day next following the day on which it was so sent and, if mailed, shall be deemed to have been given or made on the fifth business day following the day on which it was so mailed. Any party hereto may give written notice of a change of address in the same manner in which any notice shall thereafter be given to it as above provided at such changed address.

Initial here:X

Version: 20140701

Printed May 21, 2018 08-55-58 AM

LT828

70207, Rev.1

Page : 3 of 4

## 12. Waiver

The parties hereto agree that this Agreement and all documents related thereto be written in the English language. (Les parties en présences convictionent à ce que ce document soit rédige en anglais.)

#### 13. Miscellaneous

The Debtor and the Secured Party further agree that:

- (a) the Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act, except a release or discharge of the security interest upon the payment in full of the Obligations including charges, expenses, fees, costs and interest;
- (b) any failure by the Secured Party to exercise any right set out in this Agreement shall not constitute a waiver thereof, nothing in this Agreement or in the Obligations shall preclude any other remedy by action or otherwise for the enforcement of this agreement or the payment in full of the Obligations secured by this Agreement:
- for the enforcement of this agreement or the payment in full of the Obligations secured by this Agreement;

  (c) all rights of the Secured Party hereunder shall be assignable and in any action brought by an assignee to enforce such rights, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or may hereafter have against the Secured Party.
- (d) all rights of the Secured Party hereunder shall enurs to the benefit of its successors and assigns and all obligations of the Debter hereunder shall bind the Debter, his heirs, executors, administrators, successors and assigns;
- (e) if more than one person executes this Agreement as Debtor, their obligations under this Agreement shall be joint and several;
- (f) Uhis Security Agreement contains the entire agreement between the parties relating to the Security Interests granted herein. Any modification of this Security Agreement or waiver of any provision herein contained shall not be binding unless in writing and signed by the Secured Party and the Debtor. This Security Agreement shall continue in effect until the Obligations are satisfied in full;
- (g) any provision of this Security Agreement prohibited by law or otherwise ineffective shall be ineffective only to the extent of such prohibition or ineffectiveness and shall be severable without invalidating or otherwise affecting the remaining provisions hereof;
- (h) nothing herein shall obligate the Secured Party to make any advance, loan or advance or extend credit to the Debtor;
- this Security Agreement and the Security Interests created hereby are in addition to and not in substitution for any other security or rights now or hereafter held by the Secured Party for the performance of any of the Obligations;
- (j) the Debtor shall sign such further and other documents and shall do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Security Agreement;
- (k) this Agreement shall be governed in all respects by the laws of the Province of Ontario, Halton district;
- (I) all remedies of the Secured Party at law and hereunder are cumulative and concurrent;
- (m) Upon payment and performance by the Debtor of the Obligations secured hereby, the Secured Party shall, upon request in writing by the Debtor, deliver up this Security Agreement to the Debtor and shall, at the expense of the Debtor, cancel and discharge the Security Interests and execute and deliver to the Debtor such documents as shall be requisite to discharge the Security Interests hereby constituted;
- (n) All headings and titles in this Security Agreement are for reference only and are not to be used in the interpretation of the terms hereof;
- (o) the Debtor hereby acknowledges receipt of an executed copy of this Agreement; and
- (p) this Agreement shall become effective when it is signed by the Debtor.

### 14. FAX COPY

The Parties agree that a fax copy or an electronically transmitted copy of this document and the signatures of the parties on this document shall be sufficient for contractual purposes and will be deemed to be an original and forms an integral part of the Lease Agreement. The parties agree that this document may be signed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

Executed in duplicate on the 23 Day of March 2018

SIGNED, SEALED AND DELIVERED

Signature: The Undersigned Affirms	That He / She is Duly Authorized To Execu	ute This Agreement
DEBTOR:	Machine Works Industrial Inc.	
Signature :	×-9-2	Name: Paul Burs
Signature :	A CONTRACTOR OF THE PROPERTY O	Name: Jody Cornhs
Equirex Vehicle Leasing 2007 Inc.	ALBERTON SANDLEY	Date: March 23/2018 1980 1 2011



From:

lindap@benningtonfinancial.ca

To:

mirowley@deloitte.ca

Subject:

FW: Equirex Lease no.: 20000138 - Machine Works Industrial Inc. - Court file no.: 1901-07789. Estate no.: 24-

116038

Date: Attachments: October 29, 2019 3:47:43 PM Lease documents and GSA.pdf

Importance:

High

Hi Mike,

Further to our telephone conversation just, please find attached a copy the lease agreement you requested for.

Also, please find attached a copy of the GSA I forgot to send initially with the proof of claim.

I look forward to hearing from you or your colleague regarding your estimated value of our leased asset.

Best,

# Linda PhaoThai

Law Clerk

100-1465 North Service Rd E

Tel 905 901

6258

Oakville, ON

Toll Free 1 844 223 2372

ext. 6258

L6H 1A7

Fax 1 866 405

4869

From: Linda PhaoThai

Sent: October 28, 2019 2:19 PM

To: Rowley, Mike <mirowley@deloitte.ca>

Subject: RE: Equirex Lease no.: 20000138 - Machine Works Industrial Inc. - Court file no.: 1901-

07789. Estate no.: 24-116038

Importance: High

Good afternoon Mike,

Could you please provide us with a trustee release and the location of our equipment as soon as possible?

Best,

Linda

From: Rowley, Mike [mailto:mirowley@deloitte.ca]

Sent: October 9, 2019 11:38 AM

To: Linda PhaoThai < lindap@benningtonfinancial.ca>

Subject: RE:Equirex Lease no.: 20000138 - Machine Works Industrial Inc. - Court file no.: 1901-

07789. Estate no.: 24-116038

Thank you Linda.

Please be advised that company has no ability to charge a per diem rate in the case of an insolvency proceeding. Interest charges are only valid up to the date the Receivership is filed.

# Michael Rowley CPA, CA

Senior Associate | Deloitte Restructuring Inc. 1500 Manulife Place, 10180 – 101 Street, Edmonton, AB T5J 4K1 Canada Tel/Direct: +1 (780) 421-3817 | Fax: +1 (780) 421-3782 <u>mirowley@deloitte.ca</u> | <u>deloitte.ca</u>

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From: Linda PhaoThai < <a href="mailto:lindap@benningtonfinancial.ca">lindap@benningtonfinancial.ca</a>

**Sent:** Wednesday, October 9, 2019 8:54 AM **To:** Rowley, Mike <<u>mirowley@deloitte.ca</u>>

Subject: [EXT] Equirex Lease no.: 20000138 - Machine Works Industrial Inc. - Court file no.: 1901-

07789. Estate no.: 24-116038

Good morning,

Please see attached.

Best,

# Linda PhaoThai

Law Clerk

100-1465 North Service Rd E

Tel 905 901 6258

Oakville, ON L6H 1A7

Toll Free 1 844 223 2372 ext. 6258

Fax 1 866 405 4869

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From:

Seana Chin

To:

mirowley@deloitte.ca

Subject:

Estate No. 24-116038; Court No.: 1901-07789; Receivership of Machine Works Industrial Inc.

Date:

February 24, 2020 5:35:00 PM

Attachments:

Equirex Proof of Claim.pdf

Good Afternoon Mr. Rowley,

I am e-mailing in regards to the receivership noted above.

I am Legal Counsel for Equirex, A Division of Bennington Financial Corp. ("Equirex"), a secured creditor of Machine Works Industrial Inc. For your reference I have included a copy of our Proof of Claim which was previously sent to you on or about October 9, 2019.

I understand assets belonging to Equirex (which are described in detail on the last page of the attached Proof of Claim) were sold as part of a sale to Century Services Corp.

To date, we have not received the funds from the sale. As such, we ask that you provide us with a detailed accounting of the sale of Equirex's assets and advise as to the status of the resulting funds.

Best Regards,

Seana Chin, J.D.

Legal Counsel

100-1465 North Service Rd E

Tel 905 618 0460

Oakville, ON L6H 1A7 Toll Free 1 844 223 2372 ext. 0460

Fax 1 866 405 4869