

Affidavit of John Lee #1
Sworn: August 7, 2024

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE RECEIVERSHIP OF
G3 GENUINE GUIDE GEAR INC.

AFFIDAVIT

I, **JOHN LEE**, of Suite 885 West Georgia Street, Vancouver, British Columbia V6C 3G1
SWEAR THAT:

1. I am Senior Lead Credit Adjudication Special Loans of Royal Bank of Canada ("**RBC**") having assumed management for this account, and as such, I have personal knowledge of the facts and matters herein deposed to, save and except where such knowledge is stated to be on information and belief, and where so stated I verily believe the same to be true.
2. I have reviewed the business records maintained by RBC herein in respect of the matters at issue, which I verily believe were prepared in the ordinary and usual course of business. Where I do not have direct personal knowledge of matters deposed to herein, and my knowledge is derived from my review of the business records, I have attached relevant copies of those business records as exhibits to my Affidavit.
3. I am authorized to make this Affidavit on behalf of RBC.
4. This Affidavit is sworn in support of an application by RBC to the Supreme Court of British Columbia for an Order (the "**Receivership Order**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver (in such capacity, the "**Receiver**") of certain assets of G3 Genuine Guide Gear Inc. (the "**Debtor**") pursuant to section 243 of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and section 39 of the *Law and Equity Act* (British Columbia).

5. As will be further explained below, RBC is seeking the Receivership Order on the basis that, among other things, the Debtor has failed to pay, on demand, its obligations owing to RBC under the Facility Letter and is in breach of the terms thereof and the terms of the GSA and the Forbearance Agreement (as each are defined below). RBC is empowered under the terms of the GSA and the Forbearance Agreement to appoint a receiver or receiver-manager over all of the Debtor's present and future or after-acquired property upon the occurrence of an event of default.

The Parties

6. RBC is a chartered bank and is federally regulated under the provisions of the *Bank Act*.

7. On or around March 29, 2024, HSBC Bank Canada and RBC were amalgamated as one bank under the name of Royal Bank of Canada. Attached hereto as **Exhibit "A"** is a copy of Canada Gazette vol. 158, No. 5, dated February 3, 2024.

8. The Debtor is a private corporation incorporated pursuant to the laws of British Columbia. The registered office of the Debtor is suite 2400, 745 Thurlow Street, Vancouver, BC and a company search of the Debtor indicates that Oliver Steffen, also known as Oliver Steffan, is the sole Director of the Debtor. Attached hereto as **Exhibit "B"** is a British Columbia Company Summary for the Debtor (the "**Company Search**").

Description of the Business of the Debtor

9. The Debtor's primary business operations encompass the manufacturing, and supply of a complete range of equipment tailored for backcountry skiing activities.

Facility Letter

10. Pursuant to a facility letter dated as of May 28, 2020 among the Debtor, as borrower, and RBC, as lender, among others (the "**Original Facility Letter**"), RBC agreed to establish a number of credit facilities in favour of the Debtor. Attached hereto as **Exhibit "C"** is a true copy of the Original Facility Letter.

11. The Original Facility Letter was subsequently amended pursuant to a facility letter dated as of May 16, 2023 (the "**Amended Facility Letter**") and together with the Original Facility

Letter, the "**Facility Letter**"). Attached hereto as **Exhibit "D"** is a copy of the Amended Facility Letter.

12. The borrowings under the Facility Letter are payable upon demand.

The Security

13. As security for the indebtedness to RBC pursuant to the Facility Letter, the Debtor provided RBC with broad security, including but not limited to the following:

- (a) a general security agreement in respect of all of the Debtor's present and future or after-acquired property (the "**Collateral**") among the Debtor and RBC dated May 1, 2001 (the "**GSA**"); and
- (b) an agreement for security over cash, credit balances and deposit instruments among the Debtor and RBC dated June 2, 2003 (the "**SCCD**").

14. Attached hereto as **Exhibits "E", "F"**, are true copies of the GSA, and the SCCD respectively.

Subordination Agreement¹

15. Pursuant to subordination and standstill agreement dated as of June 16, 2017 (the "**Subordination Agreement**"), RBC, and FWCU Capital Corp. ("**FWCU**") established their respective priorities of the Bank Collateral and the FWCU Collateral. Attached hereto as **Exhibit "G"** is a true copy of the Subordination Agreement.

16. The terms of the Subordination Agreement provide that RBC has priority over FWCU for the Bank Collateral, which includes, among other things, all the Debtor's personal property, real property, assets, effects, and undertaking (other than FWCU Collateral), to the principal amount of \$3,550,000. The terms of the Subordination Agreement provide that FWCU has priority over RBC over the FWCU Collateral which comprise, the FWCU Key Man Insurance and the Intellectual Property of the Debtor, to the principal amount of \$2,200,000.

¹ Capitalized terms not otherwise defined in this section and following sections have the meanings ascribed to them in the Subordination Agreement.

Registration of RBC's Security Interest under the PPSA

17. RBC has registered its security interest under the GSA against the Debtor's personal property with the registry (the "PPR") maintained under the *Personal Property Security Act* (British Columbia) ("PPSA"). Attached hereto as **Exhibit "H"** is a true copy of a British Columbia PPSA search against the Debtor dated August 7, 2024 (the "**PPR Search**").

Other Secured Creditors

18. As set out above, I understand that the Debtor has outstanding secured liabilities to FWCU who has registered a security interest against the Debtor in the PPR.

19. In addition, the PPR Search indicates that, Mercedes-Benz Financial and Mercedes-Benz Financial Services Canada Corporation, registered a PPSA Security Agreement against the Debtor in relation to a Mercedes-Benz 2C144X.

Demands

20. The Indebtedness (as defined below) is repayable on demand. On May 9, 2024, RBC through its counsel, Gowling WLG (Canada) LLP, issued formal demand letters to the Debtor demanding repayment of all amounts owing under the Facility Letter by no later than May 21, 2024 (each, a "**Demand Letter**"). The Demand Letter issued to the Debtor additionally enclosed a notice of intention to enforce security issued to the Debtor pursuant to section 244 of the BIA (the "**NITES**"). Attached hereto as **Exhibit "I"** are true copies of the Demand Letter and the NITES.

Forbearance Agreement

21. On June 14, 2024, RBC and the Debtor entered into a forbearance agreement (the "**Forbearance Agreement**"). Attached and marked as **Exhibit "J"** is a copy of the Forbearance Agreement.

22. Subject to the terms of the Forbearance Agreement, RBC provided the Debtor with a reasonable period to July 19, 2024 to repay the indebtedness owed to RBC, or reach an alternative arrangement to repay the indebtedness, before taking further enforcement steps (the "**Forbearance Period**").

23. The Forbearance Agreement provides at section 16 that in the event that an alternative arrangement, satisfactory to RBC in its sole discretion, is not made on or before the end of the Forbearance Period, RBC is entitled to immediately seek the appointment of a receiver over the Bank Collateral (as such term is defined in the Forbearance Agreement), and the Debtor irrevocably consents to the appointment of a receiver.

24. The Forbearance Period expired and the Debtor did not repay the indebtedness or make any alternative arrangement for repayment of the indebtedness satisfactory to RBC.

Immediate Concerns of RBC and Need for Urgency

25. On August 6, 2024, I had a telephone conference with Oliver Steffen, also known as Oliver Steffan, the principal of the Debtor, as well as representatives of FWCU, and a prospective third-party lender to discuss, among other things, the Debtor's financial status (the "**August 6 Meeting**").

26. During the August 6 Meeting, Oliver Steffen told me directly that the Debtor does not have funds to fulfill its payroll obligations due this coming Friday, August 9, 2024, and there would therefore not be anyone in the office on Monday, August 12, 2024.

27. The Bank Collateral is located at a combined office and warehouse facility in Burnaby, BC and is made up primarily of backcountry ski product inventory, including skis, splitboards, bindings, poles, skins, tools, accessories, parts and raw materials. If the Debtor's employees are not paid and resign en masse, as Mr. Steffen expects, I am very concerned that the Bank Collateral will be left unsecured. The immediate appointment of a receiver would allow the Bank Collateral to remain secured in the best interest of all of the Debtor's creditors.

Indebtedness Owing to RBC

28. As of August 7, 2024 the Debtor was indebted to RBC in the approximate amount of CAD \$2,443,429.67 pursuant the Operating Loan Facility (as described in the Facility Letter), excluding legal fees accrued to date and interest from and after August 7, 2024 at the rate set out in the Facility Letter (the amount owing from time-to-time, the "**Indebtedness**"). The Indebtedness has not been repaid and interest, fees and costs continue to accrue.

Appointment and Necessity of Receiver

29. Over the past two years, the Debtor has maintained discussions with RBC, repeatedly asserting that they were actively pursuing an investor to either settle or significantly diminish the Indebtedness. However, these ongoing assertions have not been fulfilled.

30. To date, and according to the information presently available to me, no concrete investor commitments or formalized refinancing agreements has been presented to RBC. The lack of definitive progress in this regard casts significant doubt on the Debtor's ability to make payment of the Indebtedness to RBC in the foreseeable future.

31. The statutory notice period provided for under the BIA and outlined in the Demand Letter issued to the Debtor and the NITES has expired and the full amount of the Indebtedness is due.

32. Additionally, based on the August 6 Meeting, the urgent appointment of a receiver is necessary to avoid further deterioration of the Debtor's financial position and operational stability and to safeguard the Bank Collateral.

33. It is my view that the appointment of a receiver over the Bank Collateral is necessary to quickly secure the inventory and will create a clear and transparent way forward for repayment of amounts owed to the Debtor's creditors through continued recovery of the accounts receivable and a court supervised sale of the inventory.

34. The GSA and the Forbearance Agreement provides RBC with the right to appoint a receiver and the Subordination Agreement allows RBC to take such enforcement action as it deems necessary in relation to the Bank Collateral.

35. If this Honourable Court sees fit to make such an appointment, Deloitte has consented to act as Court-appointed Receiver. Deloitte is a licensed insolvency trustee and has significant experience in mandates of this nature. Attached hereto as **Exhibit "K"** is a true copy of Deloitte's Consent to Act as receiver.

36. I make this Affidavit in support of RBC's Application for the Receivership Order and for no other or improper purpose.

SWORN BEFORE ME at Vancouver, BC, this
7 day of August 2024.

Nan Dong

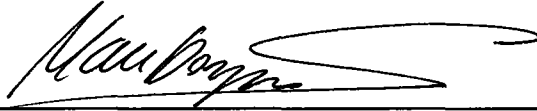
A Commissioner for taking Affidavits within
British Columbia

John Lee

JOHN LEE

MANUEL DOMINGUEZ
GOWLING WLG (CANADA) LLP
 BARRISTER & SOLICITOR
 550 BURRARD STREET - SUITE 2300
 BENTALL 5 - VANCOUVER, B.C. V6C 2B5
 TELEPHONE: (604) 891-2772

This is Exhibit "A" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.

A handwritten signature in black ink, appearing to read 'Hau-Ping', written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

Canada Gazette

Part I



Gazette du Canada

Partie I

OTTAWA, SATURDAY, FEBRUARY 3, 2024

OTTAWA, LE SAMEDI 3 FÉVRIER 2024

Notice to Readers

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- Part I Material required by federal statute or regulation to be published in the *Canada Gazette* other than items identified for Part II and Part III below — Published every Saturday
- Part II Statutory instruments (regulations) and other classes of statutory instruments and documents — Published January 3, 2024, and at least every second Wednesday thereafter
- Part III Public Acts of Parliament and their enactment proclamations — Published as soon as is reasonably practicable after royal assent

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- Partie II Textes réglementaires (rèlements) et autres catégories de textes réglementaires et de documents — Publiée le 3 janvier 2024 et au moins tous les deux mercredis par la suite
- Partie III Lois d'intérêt public du Parlement et les proclamations énonçant leur entrée en vigueur — Publiée aussitôt que possible après la sanction royale

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February 3, 2024

Mark Saunders
Manager
Spectrum Policy Branch

OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS

BANK ACT

Royal Bank of Canada — Letters patent of amalgamation and order to commence and carry on business

Notice is hereby given of the issuance,

- pursuant to subsection 229(1) of the *Bank Act*, of letters patent amalgamating and continuing Royal Bank of Canada, HSBC Bank Canada, HSBC Trust Company (Canada), HSBC Mortgage Corporation (Canada) and HSBC Finance Mortgages Inc. as one bank under the name in English, Royal Bank of Canada, and, in French, Banque Royale du Canada, effective on the day following the day on which Royal Bank of Canada acquires control of HSBC Bank Canada; and
- pursuant to subsection 48(4) of the *Bank Act*, of an order authorizing Royal Bank of Canada to commence and carry on business, effective on the date on which the letters patent amalgamating Royal Bank of Canada, HSBC Bank Canada, HSBC Trust Company (Canada), HSBC Mortgage Corporation (Canada) and HSBC Finance Mortgages Inc. as a bank under the name Royal Bank of Canada become effective.

February 3, 2024

Peter Routledge
Superintendent of Financial Institutions

PRIVY COUNCIL OFFICE

Appointment opportunities

We know that our country is stronger — and our government more effective — when decision-makers reflect Canada's diversity. The Government of Canada has implemented an appointment process that is transparent and merit-based, strives for gender parity, and ensures that Indigenous peoples and minority groups are properly represented in positions of leadership. We continue to search for Canadians who reflect the values that we all

On peut consulter la version officielle des avis sur le site Web de la *Gazette du Canada*.

Le 3 février 2024

Le gestionnaire
Direction générale de la politique du spectre
Mark Saunders

BUREAU DU SURINTENDANT DES INSTITUTIONS FINANCIÈRES

LOI SUR LES BANQUES

Banque Royale du Canada — Lettres patentes de fusion et autorisation de fonctionnement

Avis est par les présentes donné de la délivrance,

- conformément au paragraphe 229(1) de la *Loi sur les banques*, des lettres patentes fusionnant et prorogeant la Banque Royale du Canada, Banque HSBC Canada, Société de fiducie HSBC (Canada), Société hypothécaire HSBC (Canada) et Financement hypothécaire HSBC Inc. en une seule banque sous la dénomination sociale, en français, Banque Royale du Canada, et, en anglais, Royal Bank of Canada, lesquelles entrent en vigueur le jour suivant la date où Banque Royale du Canada acquiert le contrôle de Banque HSBC Canada;
- conformément au paragraphe 48(4) de la *Loi sur les banques*, d'une autorisation de fonctionnement autorisant Banque Royale du Canada à commencer à fonctionner qui entre en vigueur à la date à laquelle les lettres patentes fusionnant Banque Royale du Canada, Banque HSBC Canada, Société de fiducie HSBC (Canada), Société hypothécaire HSBC (Canada) et Financement hypothécaire HSBC Inc., en tant que banque sous la dénomination Banque Royale du Canada prennent effet.

Le 3 février 2024

Le surintendant des institutions financières
Peter Routledge

BUREAU DU CONSEIL PRIVÉ

Possibilités de nominations

Nous savons que notre pays est plus fort et notre gouvernement plus efficace lorsque les décideurs reflètent la diversité du Canada. Le gouvernement du Canada a mis en œuvre un processus de nomination transparent et fondé sur le mérite qui reflète son engagement à assurer la parité entre les sexes et une représentation adéquate des Autochtones et des groupes minoritaires dans les postes de direction. Nous continuons de rechercher

This is Exhibit "B" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.


A Commissioner for taking Affidavits in British Columbia



BC Registry
Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For
G3 GENUINE GUIDE GEAR INC.

Date and Time of Search: August 07, 2024 09:00 AM Pacific Time
Currency Date: April 19, 2024

ACTIVE

Incorporation Number:	BC0551993	
Name of Company:	G3 GENUINE GUIDE GEAR INC.	
Business Number:	872091178 BC0001	
Recognition Date:	Incorporated on October 10, 1997	In Liquidation: No
Last Annual Report Filed:	October 10, 2023	Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address: SUITE 2400, 745 THURLOW STREET VANCOUVER BC V6E 0C5 CANADA	Delivery Address: SUITE 2400, 745 THURLOW STREET VANCOUVER BC V6E 0C5 CANADA
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RECORDS OFFICE INFORMATION

Mailing Address: SUITE 2400, 745 THURLOW STREET VANCOUVER BC V6E 0C5 CANADA	Delivery Address: SUITE 2400, 745 THURLOW STREET VANCOUVER BC V6E 0C5 CANADA
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DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
STEFFEN, OLIVER

Mailing Address: 3771 MARINE WAY BURNABY BC V5J 5A7 CANADA	Delivery Address: 3771 MARINE WAY BURNABY BC V5J 5A7 CANADA
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OFFICER INFORMATION AS AT October 10, 2023

Last Name, First Name, Middle Name:

Steffen, Oliver

Office(s) Held: (President)

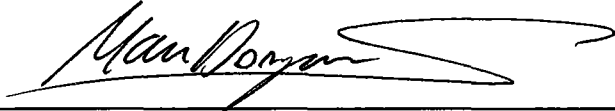
Mailing Address:

3771 MARINE WAY
BURNABY BC V5J 5A7
CANADA

Delivery Address:

3771 MARINE WAY
BURNABY BC V5J 5A7
CANADA

This is Exhibit "C" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.

A handwritten signature in black ink, appearing to read "Alan Dwyer", with a long horizontal flourish extending to the right.

A Commissioner for taking Affidavits in British Columbia



May 28, 2020

G3 Genuine Guide Gear Inc.
3771 Marine Way
Burnaby, B.C.
V5J 5A7

PRIVATE & CONFIDENTIAL

Attention: Mr. Oliver Steffen

Dear Sir:

We refer to the facility letter with schedules dated April 25, 2001 as amended to the date hereof between HSBC Bank Canada (the "**Bank**") and G3 Genuine Guide Gear Inc., (collectively called the "**Original Facility Letter**"). On the basis of the financial information and other information, representations, warranties and documents provided to the Bank, the Bank has agreed, at the request of the Borrower, to continue to provide the Credit Facilities and amend certain terms and conditions of the Original Facility Letter all as more particularly set out below. The Original Facility Letter shall, as of the date above, be amended and restated (but without novation of existing credit facilities indebtedness and obligations) to read in its entirety as follows and shall be hereafter referred to as the "**Facility Letter**":

BORROWER

G3 Genuine Guide Gear Inc., (the "**Borrower**").

GUARANTOR

Oliver Steffen (the "**Guarantor**").

For purposes of this Facility Letter, the Borrower and Guarantor are sometimes collectively referred to as "**Credit Parties**".

CREDIT FACILITIES

The following credit facilities (collectively referred to as the "**Credit Facilities**") are authorized subject to the satisfaction of all terms and conditions in this Facility Letter.

1. Operating Loan Facility

1.1 Amount

Demand operating revolving loan facility ("**Operating Loan Facility**") available by way of any of the types of advances and other credit described in Section 1.3 (below) up to but not exceeding in aggregate (for all such types of advances and other credit) CAD 2,700,000, subject to the Maximum Limit.

1.2 Purpose

To assist in financing the day-to-day operating requirements of the Borrower.

1.3 Availability

Loan advances and other credit under the Operating Loan Facility ("**Operating Loans**") are available subject to the Maximum Limit as follows:

- (a) CAD account overdraft up to an aggregate principal amount not exceeding CAD 2,700,000 ("**CAD Overdraft Loans**");
- (b) USD account overdraft up to an aggregate principal amount not exceeding USD 2,030,075 ("**USD Overdraft Loans**");

The Borrower shall ensure that the aggregate Canadian Dollar Equivalent of all amounts advanced and credits outstanding under the Operating Loan Facility shall at no time exceed the Maximum Limit.

1.4 Repayment

All amounts advanced and outstanding under the Operating Loan Facility shall be repaid on demand by the Bank.

1.5 Interest

Until demand for payment is made by the Bank, interest on the outstanding principal balance of all Loans and other credit advanced under the Operating Loan Facility shall, unless otherwise provided, be calculated and payable as follows:

- (a) for CAD Overdraft Loans, the Bank's Prime Rate plus 1.25% per annum until and including November 30, 2020 and the Bank's Prime Rate plus 2.00% per annum from December 1st 2020 and thereafter on the basis of a year of 365 days, calculated monthly in arrears on the daily balance on the last day of each month, payable on the first Business Day of the following month; or
- (b) for USD Overdraft Loans, the Bank's U.S. Base Rate plus 1.25% per annum until and including November 30, 2020 and the Bank's U.S. Base Rate plus 2.00% per annum from December 1st 2020 and thereafter on the basis of a year of 365 days, calculated monthly in arrears on the daily balance on the last day of each month, payable on the first Business Day of the following month.

1.6 Fees

The Borrower shall pay to the Bank:

- (a) an administration fee of CAD 150 payable on the first Business Day of each month with respect to the previous month, starting December 1, 2020;
- (b) a late reporting fee of CAD 500 to be applied monthly at any time the Borrower does not submit the financial reporting required under this Facility Letter within the stipulated time period;
- (c) an annual review fee of CAD 1,500, starting at next annual review in 2021.

2. Capital Loan Facility

2.1.1 Amount

Principal of CAD 223,880.11 demand non-revolving loan facility ("**Capital Loan Facility**"), made available to G3 Genuine Guide Gear Inc. subject to the Maximum Limit.

2.1.2 Purpose

To assist in financing the capital expenditure by the Borrower for fixed costs previously incurred and financed by the Operating Loan Facility.

2.1.3 Availability

The Capital Loan Facility has been advanced to the Borrower by way of:

- (a) CAD advance based on the Bank's Prime Rate ("**CAD Prime Rate Loan**");

2.1.4 Repayment

All amounts outstanding under this Capital Loan Facility shall be repaid on demand by the Bank and until such demand, the Borrower shall make equal monthly instalments of blended principal and accrued interest calculated at the applicable rate, per annum for each CAD Prime Rate Loan, and a notional amortization period of 5 years as confirmed by the Bank to the Borrower on the 19th day of each month commencing in the month following the month in which the initial advance of the Capital Loan Facility was made.

The Capital Loan Facility shall, in any event, be repaid in full by May 31, 2022, subject to the Bank's unfettered rights of demand for accelerated payment at any time.

A prepayment at the Borrower's option of all or part of a Capital Loan Facility may be made upon 5 Business Days prior written notice by the Borrower to the Bank, subject to payment of the Compensating Amount to the Bank. Any amount repaid or prepaid may not be reborrowed.

2.1.5 Interest

Until demand for payment is made by the Bank, interest on the principal balance of this Capital Loan Facility shall, unless otherwise provided, be calculated and payable as follows:

- (a) for a CAD Prime Rate Loan, the Bank's Prime Rate plus 2.00% per annum on the basis of a year of 365 days, accruing daily, calculated monthly in arrears on the daily balance, and payable as provided in section 2.1.4;

3. Letter of Guarantee Facility

3.1 Purpose

To finance the day to day operations of the Borrower through the issuance by the Bank of letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit or similar credits from time to time (each an "**LG**") upon the instructions of the Borrower and in a form satisfactory to the Bank (the "**LG Facility**").

3.2 Amount

LG Facility available up to permitted maximum of CAD 200,000 subject to the Maximum Limit (the "**LG Limit**").

The Borrower shall ensure that the aggregate Canadian Dollar Equivalent of all amounts advanced and credits outstanding (including the face amounts of any outstanding issued Letters of Guarantee) under the LG Facility shall at no time exceed the Maximum Limit.

3.3 Availability

The availability of each LG shall be at the sole and absolute discretion of the Bank and subject to the Conditions Precedent. LGs are available at the Bank's discretion for terms of up to 12 months.

3.4 Repayment

Each issuance of an LG is an advance of credit (for the Borrower's account) for purposes of the LG Limit. Any amount drawn under an LG shall be immediately reimbursed to the Bank by the Borrower. Interest on any amount drawn under an LG and not immediately reimbursed by the Borrower to the Bank shall accrue, calculated monthly in arrears accruing daily at 21% per annum.

3.5 Additional Terms and Conditions

The LG Facility shall be subject to the additional terms and conditions set out in the Standard Trade Terms to the extent that such terms and conditions do not conflict with the terms and conditions of this Facility Letter.

3.6 Fees

The Borrower shall pay the Bank:

- (i) at the time of issuance by the Bank of each Financial LG (including at the time of issuance of any renewal or replacement Financial LG, following maturity or expiry of a Financial LG), a fee equal to 2.00% per annum calculated against the face amount and over the term of the Financial LG, subject to a minimum per issuance of \$300;
- (ii) at the time of issuance by the Bank of each Performance LG (including at the time of issuance of any renewal or replacement Performance LG, following maturity or expiry of a Performance LG), a fee equal to 1.50% per annum calculated against the face amount and over the term of the Performance LG, subject to a minimum per issuance of \$300; and
- (iii) if applicable, the additional fees and charges set out in the "Global Trade and Receivables Finance (Canada) Statement of Standard Fees and Charges", as such document may be amended in the sole discretion of the Bank from time to time.

4. MasterCard Card Facilities

4.1 Amount

Up to CAD 100,000 and USD 25,000 (the "**MC Facilities**").

4.2 Purpose

To provide business expense cards for employees of the Borrower.

4.3 Availability

The terms of the MC Facilities shall be offered to the Borrower by the Bank in the form of a MasterCard Agreement.

4.4 Fees

The Borrower shall pay the Bank's fees in respect of the MC Facilities as set out in the MasterCard Agreement.

4.5 Repayment

Amounts due under the MC Facilities shall be repayable in accordance with monthly statements delivered to the Borrower as provided by the MasterCard Agreement.

5. Margin Requirement

The Borrower shall ensure that the sum of the following (in CAD or Canadian Dollar Equivalent thereof), calculated by the Bank:

- (a) the amount advanced and liabilities outstanding under the Operating Loan Facility by way of CAD Overdraft Loans and USD Overdraft Loans;

shall at no time exceed the aggregate (in CAD or Canadian Dollar Equivalent thereof, calculated by the Bank) (the “**Margin Requirement**”) of:

- (i) 75% of Acceptable Receivables, including the portion of Insured Receivables owing by account debtors other than Approved Debtors exceeding \$10,000; plus
- (ii) 90% of under 120 day Insured Receivables, subject to maximum amounts specified in any insurance certificate; plus
- (iii) 50% of Acceptable Inventory to a maximum of CAD 1,000,000, from January 1st to May 31st of each year; plus,
- (iv) 70% of Acceptable Inventory to a maximum of CAD 2,500,000, from June 1st to December 31st of each year, provided that the Borrower has obtained an Export Guarantee from Export Development Canada (“**EDC**”) set forth in section 6.1 (g) ; plus
- (v) 100% of cash, credit balances and deposit instruments over which the Bank has a first ranking security interest and are currently on hand and blocked in bank accounts at the Bank; less
- (vi) 100% of any MasterCard Facilities limit available to the Borrower; less
- (vii) Potential Prior Ranking Claims.

6. Loan Documents

6.1 Loan Documents

The liability, indebtedness and obligations of the Borrower and the Guarantor under all of the Credit Facilities continue to be evidenced, governed and secured, as the case may be, by documents previously delivered by the Borrower and Guarantor pursuant to the Facility Letter, the continuing validity of which is hereby acknowledged by the Borrower and Guarantor unless otherwise released by the Bank, together with any other required loan or security documents, including this Facility Letter, completed and signed in a form and manner satisfactory to the Bank (collectively the “**Loan Documents**”):

On hand:

- (a) Guarantee and postponement of claims from the Guarantor of indebtedness of the Borrower to the Bank and secured by a mortgage in the amount of CAD 2,500,000 (the “**Mortgage**”) from the Guarantor creating a second fixed and specific mortgage charge over all the lands and premises municipally known

as 418 Felton Avenue, North Vancouver, British Columbia (the "**Lands**") together with a duly executed independent legal advice (if required);

- (b) opinion of the solicitors acting for the Borrower confirming title to Lands secured by a Mortgage in favour of the Bank and the first priority ranking of the Mortgage, subject only to Permitted Encumbrances;
- (c) general security agreement from the Borrower creating a first priority security interest in all present and after acquired property (including intellectual property, if any);
- (d) assignment of all risk insurance with coverage (including extended coverage, public liability coverage and business interruption coverage), and including fire insurance if required, and in amounts and from an insurer acceptable to the Bank in each case, on all of the Borrower's real and personal property, showing the Bank as first loss payee with standard mortgage endorsement for property damage coverage (and as an additional insured for public liability coverage), as acknowledged/consented to by relevant insurer(s) or the authorized representative of the insurer;
- (e) Export Guarantee from Export Development Canada in the amount of CAD 250,000;
- (f) Export Guarantee from Export Development Canada in the amount of CAD 1,350,000;
- (g) assignment of key man insurance on the life of the Guarantor in the amount of CAD 400,000 together with an acknowledgement of the insurer, as acknowledged/consented to by relevant insurer or authorized representative;
- (h) documentation respecting insurance provided by COFACE, as required by the Bank from time to time;
- (i) the Bank's standard documentation in connection with the provision of trade finance facilities and the issuance of DCs, LGs and/or other trade finance instruments;
- (j) assignment and postponement by the Guarantor in favour of the Bank of all present and future amounts owing to them by the Borrower;
- (k) agreement as to security over cash, credit balances and deposit instruments from the Borrower;
- (l) intercreditor, subordination agreements and/or standstill agreement from holders of Permitted Encumbrances or estoppel letters from other secured parties as determined by the Bank;
- (m) MasterCard Agreement;

To be obtained / amended:

- (n) assignment of Performance Security Guarantee from Export Development Canada in respect to the Letter of Guarantee Facility set forth in 3;
- (o) supporting officer's certificates, certificates of status (or good standing) and other certificates in connection with each Credit Party as the Bank may reasonably require which shall confirm, among other things, the constitutional documents for each Credit Party, incumbent officers with specimen signatures of authorized signatories, and the applicable authorizing resolutions for the Loan Documents, together with legal opinion of the solicitors acting for each Credit Party confirming power and capacity of each

Credit Party, existence, due authorization, execution, delivery and enforceability of the Loan Documents to which each is a party and the priority of the security interests granted by each to the Bank; and

- (p) such other Loan Documents as the Bank may reasonably request in order to register or otherwise perfect the security interests granted to the Bank or may reasonably require.

6.2 Registration and Priority; Counsel Fees

Loan Documents (or notice thereof) will be registered in all jurisdictions and at all registries as the Bank may determine is necessary or beneficial to perfect or protect its security interests, mortgages and charges. The Bank's security interests shall rank in priority to all other mortgages, charges, liens, encumbrances and security interests, subject to Permitted Encumbrances. The Borrower shall pay all legal fees and disbursements incurred by Bank's counsel in connection with negotiation, implementation and enforcement of the Credit Facilities, including any expenses incurred to perfect or register Loan Documents.

7. Conditions Precedent

In addition to the conditions precedent set out in Schedule A, it shall be a condition precedent to the next advance and the continued availability of the Credit Facilities that the Bank shall have received in form and content satisfactory to the Bank:

- (a) the Loan Documents, duly authorized, executed and delivered, and, as relevant, duly registered; and
- (b) copies of all Material Agreements (if any) and such other documents as the Bank may reasonably request.

8. Covenants and Conditions

- (a) Without limiting the Bank's right to demand repayment of any outstanding amounts, the Borrower covenants and agrees with the Bank that it shall not, without the prior written consent of the Bank:
 - (i) permit the ratio of Debt to TNW of the Borrower to at any time exceed 2.00 to 1.00 from January 1st to May 31st and 4.00 to 1.00 from June 1st to December 31st;
 - (ii) permit the ratio of current assets to current liabilities of the Borrower to at any time be less than 1.15 to 1.00. For the purposes hereof, the amount of debt scheduled to be repaid at least one year plus one day from the balance sheet date may be excluded from current liabilities. Current assets shall exclude amounts due from related companies and affiliates;
 - (iii) make capital expenditures aggregating in any one fiscal year in excess of CAD 100,000, which amount shall not be cumulative from year to year;
 - (iv) permit the Debt Service Coverage of the Borrower to be less than 1.25 to 1.00 at any time;

The Borrower agrees that the foregoing financial tests may be calculated periodically by the Bank using financial statements provided by the Borrower or with such other statements as the Bank may agree to use from time to time. Any amounts not in CAD shall be calculated at the Canadian Dollar Equivalent.

- (b) The Borrower agrees to give the Bank written notice of any of the following events as soon as possible and in any event within 5 Business Days of the occurrence thereof:
 - (i) any litigation, proceeding or dispute which if adversely adjudged, mediated or arbitrated could reasonably be expected to constitute a Material Adverse Change;

- (ii) any representation and warranty given by a Credit Party to the Bank being false or misleading;
- (iii) the death or insolvency of an individual Guarantor or the dissolution, merger or insolvency of any other Guarantor;
- (iv) any notice from any Governmental Authority with respect to any violation, possible violation, non-compliance or possible non-compliance or claim which constitutes or could reasonably be expected to constitute a Material Adverse Change;
- (v) any claim or action made or taken by a creditor of a Credit Party with respect to Debt exceeding CAD 50,000 with respect to an actual or alleged default;
- (vi) default by a Credit Party under any of its respective credit facilities with the Bank or any other lender;
- (vii) arranging or undertaking to enter into an agreement for the purchase or sale of any property outside the normal course of business;
- (viii) arranging to borrow money, obtain credit or incur additional funded indebtedness (other than pursuant to the Credit Facilities);

The Borrower shall give the Bank at least 5 Business Days prior notice of any proposed change of name by a Credit Party and any proposed change in governing jurisdiction or location of a Credit Party.

9. Reporting Requirements

The continued availability of the Credit Facilities is subject to the Borrower delivering to the Bank the following reports in a form and on a frequency acceptable to the Bank as advised by the Bank from time to time:

- (a) Monthly, within 25 days of each calendar month end:
 - (i) an aged list of accounts receivable of the Borrower;
 - (ii) an aged list of accounts payable of the Borrower;
 - (iii) a declaration of inventory (including separate listing of inventory held at suppliers' premises in China/Taiwan and inventory held in the Borrower's warehouse in Burnaby);
 - (iv) an internally-prepared income statement and balance sheet for the Borrower, duly signed;
 - (v) a certificate of margin compliance and a certificate of covenant compliance in the form requested by the Bank;
- (b) annually, within 90 days of the Borrower's fiscal year end:
 - (i) signed review engagement financial statements for the Borrower;
 - (ii) at the Bank's request, annual financial projections for the next year;
 - (iii) at the Bank's request, a personal net worth statement for the Guarantor;
- (c) annually, by April 30th of each calendar year:

- (i) pro forma financial statements, cash flow forecast and budget for the following fiscal year of the Borrower, demonstrating the ability of the Borrower to comply with the financial terms and conditions of this Facility Letter on a monthly basis;
 - (ii) a summary report of confirmed pre-sales for the next financial year;
 - (iii) renewal confirmation of accounts receivable insurance policy; and
 - (iv) confirmation of renewal of Export Guarantee from EDC;
- (d) such additional financial statements and information as and when requested by the Bank.

10. Counterparts and Electronic Communication

This Facility Letter (and each Loan Document) may be signed by handwritten signature or electronically by using technology acceptable to the Bank. To evidence execution of this Facility Letter (or any Loan Document), the Borrower or Guarantor, as applicable, must deliver and return to the Bank an executed copy of each with the original handwritten signatures of each Credit Party's duly authorized signatories (or Electronic Signatures of such signatories if so permitted by the Bank) by physical delivery, or if so permitted by the Bank, by facsimile, email or other electronic delivery or transmission and such transmission shall constitute delivery of an executed copy of the Facility Letter or relevant Loan Document. If a Credit Party uses an Electronic Signature to indicate its agreement, it shall ensure that its Electronic Signature is attached to or associated with this Facility Letter (or such Loan Document). This Facility Letter and each Loan Document may be executed in one or more counterparts and signed as outlined above, each of which when so executed when taken together shall constitute one and the same agreement. Delivery of a handwritten or electronically-signed counterpart and electronic delivery (including by email transmission or transmission over an electronic signature platform acceptable to the Bank) are each as valid, enforceable, binding and effective.

11. Notices

Any notice, request or other communication which the Bank or a Credit Party may be required or may desire to give for purposes of this Facility Letter shall be in writing and may be sent either by electronic transmission (facsimile or email), or hand delivery or first class registered mail postage prepaid to the addresses below. Any such notice, request or other communication shall be deemed to have been effectively given, made and received: (i) when transmitted with receipt confirmed in the case of electronic transmission if such transmission was made on or before 5:00 p.m. (Toronto time) on that Business Day, failing which it shall be deemed to have been effectively given, made and received on the next following Business Day, (ii) when received if sent by hand delivery on or before 5:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been effectively given, made and received on the next following Business Day, or (iii) five (5) days after deposit in the mail if so mailed, but any notice, request or other communication to be given or made during a strike, lock-out or other labour disturbance at the post office or during an actual or threatened interruption in the mail service shall be hand delivered or sent by electronic transmission and not mailed. Any party hereto may change the address to which all notices, requests and other communications are to be sent to it by giving written notice of such address change to the other parties in conformity with this paragraph, but such change shall not be effective until notice of such change has been received by the other parties. The addresses of the parties for the purposes hereof shall be:

If to the Borrower, addressed as follows:

G3 Genuine Guide Gear Inc.
 3771 Marine Way, Burnaby, B.C. V5J 5A7
 Attention: Oliver Steffen
 Fax Number: 778-372-1774
 Email: olivers@genuineguidegear.com

If to the Bank, addressed as follows:

HSBC Bank Canada
1577 Lonsdale Ave, North Vancouver, BC V7M 2J2
Attention: Elizabeth Tan
Fax Number: 604-903-7779
Email: elizabeth_tan@hsbc.ca

If to the Guarantor, addressed as follows:

Oliver Steffen
3771 Marine Way, Burnaby, B.C. V5J 5A7
Fax Number: 778-372-1774
Email: olivers@genuineguidegear.com

12. Lapse and Cancellation

This Facility Letter shall, at the option of the Bank, expire, and be of no further force and effect if an advance of credit under the Credit Facilities has not been made within sixty (60) days of the date of this Facility Letter.

Credit Facilities under this Facility Letter are uncommitted and, notwithstanding any other provision of this Facility Letter, the Bank may, at any time, in its sole discretion on notice to the Borrower: (i) terminate any right to make requests for credit or advances under the Credit Facilities; (ii) even if the Bank has not terminated such right to request credit or advances under the Credit Facilities, decline any request for credit or advances under the Credit Facilities, including requests for renewals or reissuances of any instruments or advances, and may refuse to honour or accept any cheques or other payment items; (iii) demand repayment of all outstanding indebtedness and liability of the Borrower at any time, all upon such notice and otherwise in accordance with applicable law as the Bank may determine.

13. Schedules

Each of the following Schedules, as attached here or advised by the Bank from time to time, comprise part of the Facility Letter:

Schedule A - Definitions and Additional Terms and Conditions

14. Language Choice

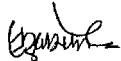
The parties hereto have requested that this Facility Letter and any document relating thereto be drafted in English. Les parties aux présentes ont exigé que cette lettre relative aux facilités et tout document y afférent soient rédigés en anglais.

15. Acceptance

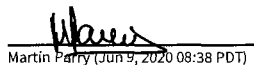
The offer of credit upon the terms and conditions contained in this Facility Letter may be accepted by the Borrower and acknowledged by the Guarantor signing, dating and delivering a copy of this Facility Letter to the Bank by 5:00 p.m. local time on June 18, 2020. Failing such acceptance and delivery to the Bank, this offer shall be of no further force or effect.

Yours truly,

HSBC BANK CANADA



Elizabeth Tan
Relationship Manager
Commercial Banking


Martin Parry (Jun 9, 2020 08:38 PDT)

Martin Parry
Director & Team Lead
Commercial Banking

The undersigned hereby acknowledge(s) and agree(s) to the terms and conditions of this Facility Letter as of the date indicated with the Electronic Signature of the authorized signatory of the undersigned, where acceptance and agreement is provided by Electronic Communication, and, where there is more than one signatory, the date indicated in connection with the Electronic Signature of the last or final signatory.

BORROWER:

G3 GENUINE GUIDE GEAR INC.


Oliver Steffen (Jun 16, 2020 13:00 PDT)

Per: _____

Authorized Signatory
Title: President
Name: Oliver Steffen

GUARANTOR:

OLIVER STEFFEN


Oliver Steffen (Jun 16, 2020 13:00 PDT)

SCHEDULE A

TO FACILITY LETTER FROM HSBC BANK CANADA TO G3 GENUINE GUIDE GEAR INC. DATED MAY 28, 2020

This Schedule shall form part of the Facility Letter and the availability of the Credit Facilities as described in this Facility Letter shall also be subject to the terms and conditions contained in this Schedule.

I. Definitions and Interpretation

The Section and Schedule headings are for ease of reference only and shall not affect the meaning or interpretation of this Facility Letter.

For the purpose of this Facility Letter, the following terms shall have the meanings indicated below.

"Acceptable Inventory" means the value, determined by the Bank from its review of the most recent financial statements and certificate of compliance and security margin report provided by the Borrower, based on the lower of cost and fair market value of all materials owned by the Borrower for resale or for production of goods for resale, excluding work in progress, and over which the Bank holds a first ranking security interest, subject only to Potential Prior Ranking Claims and Permitted Encumbrances. Acceptable Inventory excludes inventory amounts financed under post-shipment buyer loan facilities.

"Acceptable Receivables" means the aggregate of accounts receivable of the Borrower, determined by the Bank from the most recent financial statements and aged list of accounts receivable of the Borrower, over which the Bank holds a first ranking security interest, subject only to Potential Prior Ranking Claims and Permitted Encumbrances, from customers approved by the Bank and which are aged from invoice date and which have been outstanding for not more than 90 days, from which shall be excluded: (i) accounts receivable from related or affiliated corporations or other non-arm's length Persons; (ii) warranty claims receivable; (iii) tax refunds; (iv) rebates; (v) discounts (whether cash discounts, volume discounts, promotional/advertising discounts or otherwise); and (vi) accounts which are disputed by the Borrower's customers; (vii) contra accounts and trade accounts receivable subject to offset; (viii) such excessive concentration of trade accounts receivable from a single customer and affiliates or from a single region or other category as the Bank may determine and notify to the Borrower; (ix) the amount of Potential Prior Ranking Claims; (x) the insured and uninsured portions of any Insured Receivables; (xi) accounts receivable that are governed by or issued by a customer subject to the laws of a jurisdiction other than Canada or the U.S.; (xii) accounts receivable that are "Purchased Receivables" or "Financed Receivables" (as such terms are defined in any Receivables Purchase Agreement, Trade Invoice Recourse Financing Facility Agreement or other similar agreement between the Borrower and the Bank); and (xiii) such other exclusions and deductions, if any, which have been communicated by the Bank to the Borrower in writing. If any portion of an account receivable has been outstanding for more than 90 days (or such other date as advised by the Bank) from the invoice date, the entire account receivable (including the portion outstanding for 90 days or less) shall be excluded from the calculation of Acceptable Receivables except that if the portion of the account receivable that has been outstanding for more than 90 days is less than 10% of the specific account receivable and is less than CAD 100,000, the portion of the account receivable outstanding for 90 days or less may nonetheless be included in the calculation unless otherwise advised by the Bank.

"Accounts Receivable Insurance Policy" means the Accounts Receivable Insurance Policy No. I-921166330 by Coface North America, Inc. in favour of the Borrower, as amended, supplemented, renewed or replaced from time to time.

"Approved Debtors" means debtors of the Borrower approved for coverage from time to time under the Extraordinary Coverage "A" Rider to the Accounts Receivable Insurance Policy.

"Bank Branch" means the branch of the Bank identified in the Facility Letter or as otherwise advised by the Bank from time to time.

"Bank's CAD Fixed Rate" means the annual fixed rate of interest offered by the Bank and accepted by the Borrower for the requested funds in CAD for a period of 30, 60, 90, or 180 days or 1, 2, 3, 4 or 5 years, as selected by the Borrower (but in any event not diminishing or prejudicing the rights of the Bank to demand payment of all indebtedness and liabilities under the Credit Facilities at any time), but in no event shall such interest rate be less than 0% per annum. A certificate of a manager or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Bank's CAD Fixed Rate from time to time.

"Bank's USD Fixed Rate" means the annual fixed rate of interest offered by the Bank and accepted by the Borrower for the requested funds in USD for a period of 30, 60, 90, or 180 days or 1, 2, 3, 4 or 5 years, as selected by the Borrower (but in any event not diminishing or prejudicing the rights of the Bank to demand payment of all indebtedness and liabilities under the Credit Facilities at any time) but in no event shall such interest rate be less than 0% per annum. A certificate of a manager or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Bank's USD Fixed Rate from time to time.

"Bank's Prime Rate" means the variable annual rate of interest per annum established and adjusted by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on commercial loans in Canada denominated in Canadian dollars based on the actual number of days in a year (whether 365 or 366 days) and which was 2.45% per annum on May 28, 2020 but in no event shall such interest rate be less than 0% per annum. Such rate is available in a Bank Branch. A certificate of a manager or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Bank's Prime Rate from time to time.

"Bank's U.S. Base Rate" means the variable annual rate of interest established and adjusted by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on commercial loans denominated in United States dollars in Canada based on a year of 360 days, and which was 3.75% per annum on May 28, 2020 but in no event shall such interest rate be less than 0% per annum. Such rate is available in a Bank Branch. A Certificate of a manager or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Bank's U.S. Base Rate from time to time.

"Business Day" means a day, other than a Saturday, Sunday or statutory (or civic) holiday, upon which the Bank is open for business in the Bank Branch.

"CAD" and "Canadian Dollars" means lawful currency of Canada in same day immediately available funds, or, if such funds are not available, the form of money of Canada that is customarily used in the settlement of international banking transactions on the day in question.

"CAD Fixed Rate Loan" has the meaning ascribed to it in the Facility Letter.

"CAD Prime Rate Loan" has the meaning ascribed to it in the Facility Letter.

"Canadian Dollar Equivalent" means at any time on any date in relation to any specified amount in a currency other than Canadian dollars, the amount of Canadian dollars which could be purchased from the Bank by the payment of that specified amount of such other currency at the rate of exchange quoted by the Bank at or about 8:00 a.m. Pacific time on such date, including all premiums and costs of exchange.

"Compensating Amount" means an amount determined by the Bank to be the net cost, if any, incurred by the Bank as a direct result of the repayment of all or a portion of any advance under any of the Credit Facilities which bears interest at the Bank's CAD Fixed Rate or Bank's USD Fixed Rate or other rate, on a date other than the expiration of the selected interest period, including, without limitation, any unwinding costs and other losses or expenses or damages sustained or incurred by the Bank relating to such payment. A certificate of a manager

or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Compensating Amount from time to time.

"Compliance Action" has the meaning ascribed to it in Section XVII of this Schedule A.

"Conditions Precedent" means the conditions precedent to the next advance and the continued availability of the Credit Facilities set out in the Facility Letter, including this Schedule A and any other Schedules and Addenda hereto.

"Credit Facilities" has the meaning ascribed to such term in the Facility Letter.

"DC's" has the meaning ascribed to it in the Facility Letter.

"Debt" means all indebtedness and liability of the Borrower including without limitation under the Credit Facilities, and Off Balance Sheet Arrangements and the principal portion of non-realty operating lease obligations, less (i) deferred taxes; (ii) loans to the Borrower that are postponed and subordinated in favour of the Bank, in form and substance satisfactory to the Bank; and (iii) the after tax portion of any management bonus or any amount payable under an employee profit sharing plan ("**EPSP**") which has been postponed and subordinated, to the Bank's satisfaction, to the indebtedness and liability of the Borrower to the Bank.

"Debt Service Coverage" means (A) EBITDA less (i) unfunded capital expenditures, (ii) deferred charges, (iii) dividends, (iv) distributions, (v) advances to related companies and affiliates, (vi) investments in related companies and affiliates, and (vii) cash taxes, including those related to any discretionary management bonus, divided by (B) the total of all payments of principal and interest on long term debt, capital leases and obligations under the Credit Facilities including payments under leases and Off Balance Sheet Arrangements.

"Drawdown Date" means the date, which must be a Business Day, specified by the Borrower in a Required Notice as being the date on which the Borrower would like to obtain an advance.

"EBITDA" means earnings before interest, taxes, depreciation and amortization plus non-cash expenses approved by the Bank, less (to the extent included in determining net income) non-cash non-recurring items on a trailing twelve month basis.

"Electronic Communication" means any agreement, instruction, document, information, disclosure, notice or other form of communication that is sent or stored by means of any electronic or other digital transmission.

"Electronic Signature" means a signature that consists of one or more letters, characters, numbers or other symbols in digital form incorporated in, attached to or associated with an Electronic Communication and includes a secure electronic signature as may be prescribed by applicable law or otherwise required by us.

"Facility Letter" means the letter from the Bank to the Borrower to which this Schedule is attached, together with this Schedule and all other Schedules and Addenda, and includes all amendments and restatements thereof.

"Financial LG" means any LG which is not a Performance LG and in that regard, determination of whether an LG is a Financial LG or Performance LG shall be at the Bank's sole discretion.

"Fixed Rate Loan" means any USD Fixed Rate Loan or CAD Fixed Rate Loan.

"Governmental Authority" means any government, legislature or regulatory authority, agency, commission, law enforcement agency, board or court, tribunal or other law, regulation or rule making entity having or purporting to have jurisdiction on behalf of any nation, province, state, municipality or country or other subdivision thereof or other jurisdiction.

“Guarantor” means the party or parties described in the Facility Letter and includes any other party or parties who from time to time execute a guarantee or guarantees of the obligations of the Borrower under or in connection with this Facility Letter and the Loan Documents.

“Insured Receivables” means those Acceptable Receivables of the Borrower which are insured for payment by Export Development Canada or similar insurer approved by the Bank.

“Interest Period” means such period of time mutually agreed between the Bank and the Borrower.

“Legal Requirement” means any law, statute, code, ordinance, order, award, judgment, decree, injunction, rule, regulation, authorization, directive, guidance note, advisory, consent, approval, order, permit, franchise, licence, direction, deferred prosecution agreement or other requirement of any Governmental Authority.

“LG” has the meaning ascribed to it in the Facility Letter.

“Loan” means any advance to the Borrower on which interest is calculated and payable on the basis of either the Bank's U.S. Base Rate (as a U.S. Base Rate Loan) or as a USD Fixed Rate Loan and any advance to the Borrower in CAD on which interest is calculated and payable on the basis of the Bank's CAD Fixed Rate or the Bank's Prime Rate.

“Loan Documents” means this Facility Letter and the Loan Documents described in the Facility Letter, any additional documents reasonably requested by the Bank in connection with the Credit Facilities and any amendments or restatements of any of such documents from time to time.

“Margin Requirements” has the meaning ascribed to it in the Facility Letter.

“Material Adverse Change” means, with respect to any Credit Party any event, circumstance, act or omission which individually or in the aggregate has had or could reasonably be expected to have, a material adverse effect on: (i) the business, operations, prospects, properties, assets or condition, financial or otherwise, of such Credit Party; (ii) the ability of any Credit Party to perform its obligations and covenants in this Facility Letter or any other Loan Document to which it is a party; or (iii) to the rights and remedies of the Bank under this Facility Letter or any other Loan Document.

“Material Agreements” means agreements material to the conduct of the business of the Borrower including those related to intellectual property, leases, licences and other rights of use of property.

“Maximum Limit” means the amount in the applicable currency calculated in accordance with the Margin Requirement and any other covenant restrictions.

“Off-Balance Sheet Arrangements” means any transaction, agreement or other contractual arrangement between the Borrower and an entity that is not consolidated on the Borrower's financial statements, under which the Borrower may have: (i) any obligation under a direct or indirect guarantee or similar arrangement; (ii) a retained or contingent interest in assets transferred to an unconsolidated entity, (iii) derivatives, to the extent that the financial statements do not fully reflect fair value thereof as a liability or asset; or (iv) any obligation or liability, including a contingent obligation or liability, to the extent that it is not fully reflected in the Borrower's financial statements.

“Performance LG” means an LG which is (a) an LG issued to secure ordinary course performance obligations of the Borrower to a third party (the **“Performance Obligations”**), including, without limitation, any performance related advance payment, retention or warranty obligations, in each case in connection with project engineering, procurement, construction, power business, maintenance and other similar projects (including projects about to be commenced) or bids for prospective project engineering, procurement, construction, power business, maintenance and other similar projects, or (b) an LG issued to back a bank guarantee, surety bond, performance bond, or other similar obligation in each case issued to support performance obligations and is not a documentary credit issued to finance the import or export of goods.

“Permitted Encumbrances” means liens, encumbrances or other rights permitted by the Bank in writing.

“Person” shall mean and include an individual, a partnership, a corporation, a joint stock company, a trust, an unincorporated association, a joint-venture or other entity or a government or any agency or political subdivision of the above.

“Potential Prior Ranking Claims” means the aggregate of all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a lien or trust or other claim pursuant to any law, statute, regulation or similar enactment, which ranks or is capable of ranking in priority to all or any portion of the Bank’s security or in priority to any claim by the Bank for repayment of amounts owing under the Credit Facilities including, without limitation, amounts due and payable for wages, vacation pay, employee deductions (including income, CPP, EI, workers compensation, social security or other employment tax withholdings), sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of HST input credits) and pension fund obligations.

“Required Notice” means a written notice in form and content approved by the Bank, signed by the Borrower, given to the Bank Branch not later than 10:30 a.m. local time (of the Bank Branch) two Business Days immediately preceding the date on which:

- (a) a CAD Fixed Rate Loan, a USD Fixed Rate Loan or other advance (other than by way of account overdrafts) is to be made;
- (b) a rollover is to be made from one interest option to another, or a rollover of an existing Loan on maturity to the same type of Loan; or
- (c) an LG or DC is to be issued by the Bank

as the case may be, stating the requested date, amount and term to maturity (or Interest Period) of the requested advance or rollover, or particulars of the LG or DC requested.

With respect to the foregoing, a certificate of a manager or account manager of the Bank shall be *prima facie* evidence of the Bank’s CAD Fixed Rate, USD Fixed Rate, the Bank’s Prime Rate, the Bank’s U.S. Base Rate from time to time.

“Sanctions” has the meaning ascribed to it in Section II(f) of this Schedule A.

“Standard Trade Terms” means the Bank’s “Standard Trade Terms” (as amended from time to time), which can be accessed, read and printed by the Borrower at/from www.gbm.hsbc.com/gtrfstt or, alternatively, upon request from the Borrower’s relationship manager.

“Taxes” means any fee (including without limitation, any documentation, licence or registration fee), any tax (including, without limitation, any gross receipts, sales, use, property (personal and real), tangible or intangible and stamp tax, value added tax, income tax, excise tax), levy, imposts, duty, charge, assessment, deduction or withholding of any nature whatsoever, together with any fine, addition to tax and interest on the fee or tax.

“TNW” means the aggregate of paid in capital, retained earnings and loans (including principal and interest) to the Borrower which have been subordinated and postponed in favour of the Bank, in form and substance satisfactory to the Bank, less any assets deemed by the Bank to be intangible including, without limitation, (i) goodwill, (ii) related company and affiliate accounts receivable, (iii) advances to shareholders, (iv) deferred charges and (v) investments in related companies and affiliates.

“US Base Rate Loan” means an advance to the Borrower in USD in respect of which interest accrues and is payable at the Bank’s U.S. Base Rate.

"USD" and "United States Dollars" means lawful currency of the United States of America in same day immediately available funds, or, if such funds are not available, the form of money of the United States of America that is customarily used in the settlement of international banking transactions on the day in question.

"USD Equivalent" or "US Dollar Equivalent" means at any time on any date in relation to any specified amount in a currency other than United States dollars, the amount of USD which could be purchased from the Bank by the payment of that specified amount of such other currency at the rate of exchange quoted by the Bank at or about 8:00 a.m. Pacific time on such date, including all premiums and costs of exchange.

"USD Fixed Rate Loan" has the meaning ascribed to it in the Facility Letter.

Whenever the singular or the masculine is used herein the same shall be deemed to include the plural and other Persons, and vice versa.

II. Representations and Warranties

Each Credit Party represents and warrants to the Bank, as of the date of the Facility Letter and as at the time of an advance or other utilization of any of the Credit Facilities from time to time that:

- (a) if a corporation, it has been duly incorporated and organized (or if a partnership or other legal entity, has been duly formed, or settled as relevant) and organized and is properly constituted, is in good standing and subsisting and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;
- (b) the execution of this Facility Letter and the Loan Documents and the incurring of liability and indebtedness to the Bank does not and will not contravene:
 - (i) any Legal Requirement applicable to such Credit Party; or
 - (ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which it is a party;
- (c) this Facility Letter and the Loan Documents to which it is a party have been duly authorized, executed and delivered by it, and constitute its valid and binding obligations and are enforceable in accordance with their respective terms;
- (d) all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the execution and delivery of this Facility Letter and the Loan Documents; and
- (e) all financial and other information provided to the Bank in connection with the Credit Facilities is true and accurate, and it acknowledges that the offer of credit by the Bank contained in this Facility Letter is made in reliance on the truth and accuracy of this information and the above representations and warranties.
- (f) neither the Borrower nor any of its subsidiaries, directors, officers, employees, agents, or affiliates is an individual or entity (nor does the Borrower nor any such other entity or person operate, possess, own, charter, or use a vessel) that is, or is owned or controlled by any one or more Persons that are:
 - (i) the subject of any sanctions issued, administered or enforced by, or named on any list of specially designated or blocked Persons maintained by, the Office of Foreign Assets Control of the US Department of the Treasury, the US Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Hong Kong Monetary Authority, or the Department of Global Affairs (Canada), Foreign Affairs, Trade and Development Canada, Canada Border Services Agency, or Justice Canada, including any enabling legislation or executive order related thereto, and

any similar sanctions laws as may be enacted from time to time in the future by the United States, Canada, the European Union (and any of its member states), the United Kingdom or the United Nations Security Council, or any other legislative body of the United Nations or other relevant Governmental Authority (collectively, "**Sanctions**"), or (ii) located, organised or resident in a country or territory that is, or whose government is, the subject of Sanctions other than to the extent that such representation and warranty would result in a violation of an applicable Legal Requirement in which case the applicable Credit Party shall immediately notify the Bank and provide particulars;

- (g) with respect to each LG or DC issued by the Bank pursuant to any of the Credit Facilities, all required import or export licenses applicable to the transactions for which such LG or DC is issued have been obtained and the Borrower is in compliance in all material respects with foreign and domestic laws and regulations pertaining to each jurisdiction in which it operates and to each LG and/or DC and the subject matter of such LG and/or DC including, if applicable, the shipment and financing of the goods described in such LG and/or DC; and
- (h) no shares in a Credit Party have been issued as, or are held as, or convertible to, bearer shares.

III. **Interest, Fees**

- (a) Interest on the daily balance of the principal amount advanced under the Credit Facilities and remaining unpaid from time to time shall accrue and shall be payable by the Borrower as set out in this Facility Letter both before and after demand, default, maturity, or judgment and until indefeasible payment in full, except as otherwise expressly provided for.
- (b) If the Borrower repays any portion of the Credit Facilities accruing interest at the Bank's CAD Fixed Rate or the Bank's USD Fixed Rate or based on a date other than the expiration of the selected Interest Period, as the case may be, whether as a result of a demand for repayment by the Bank or otherwise, it shall also concurrently pay to the Bank the greater of:
 - (i) three months' interest on the portion prepaid at the CAD Fixed Rate or the Bank's USD Fixed Rate, as the case may be; and
 - (ii) the applicable Compensating Amount.
- (c) Interest based on the Bank's U.S. Base Rate shall be computed on the basis of a year of 360 days and for actual days that the amounts are outstanding under the relevant Credit Facilities on this basis. For the purpose of the *Interest Act (Canada)*, (i) the annual rate of interest to which interest computed on the basis of a year of 360 days is equivalent is the rate of interest as provided in this Facility Letter multiplied by the actual number of days in such year (whether 365 or 366) and divided by 360 and (ii) the annual rate of interest to which interest computed on the basis of a year of 365 days is equivalent is the rate of interest as provided in this Facility Letter multiplied by the actual number of days in such year (whether 365 or 366) and divided by 365. The Borrower confirms that it fully understands and is able to calculate the rate of interest applicable to the Credit Facilities based on the methodology for calculating per annum rates provided for in this Facility Letter. The Bank agrees that if requested in writing by the Borrower, it shall calculate the nominal and effective per annum rate of interest on any advance outstanding at any time and provide such information to the Borrower promptly following such request; provided that any error in any such calculation, or any failure to provide such information on request, shall not relieve any Credit Party of any of its obligations under this Facility Letter or any other Loan Document, nor result in any liability to the Bank. Each Credit Party hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to the Loan documents, that the interest payable under the Loan Documents and the calculation thereof has not

been adequate disclosed to the Credit Parties, whether pursuant to section 4 of the *Interest Act (Canada)* or any other applicable law or legal principle.

- (d) Upon expiration of the term of any outstanding Loan during which interest is accruing at the Bank's CAD Fixed Rate or the Bank's USD Fixed Rate, unless another interest rate option is selected by the Borrower for an advance to refinance such Loan on maturity, interest shall accrue at the applicable rate as provided in this Facility Letter for outstanding indebtedness and liability in CAD at the Bank's Prime Rate plus the applicable margin and for USD at the Bank's U.S. Base Rate plus the applicable margin, as the case may be.
- (e) The fees paid to and received by the Bank shall be its entitlement as consideration for the time, effort and expense incurred by the Bank in the review of financial statements and its review and administration of documents, and the Borrower acknowledges and agrees that the determination of these costs is not feasible and that the fees set out in this Facility Letter represent a reasonable estimate of such costs.
- (f) In the event that interest is not received by the Bank on any date for payment provided for in this Facility Letter or in any other relevant document, interest on such overdue interest shall be compounded on the basis of interest calculated and payable on overdue interest in the same manner and at the same rate per annum as is applicable to such overdue interest until indefeasible payment in full. Any other amounts which become payable to the Bank under this Facility Letter or the Loan Documents and which are not paid when due shall accrue interest and be payable from the due date at the Bank's Prime Rate plus 3% per annum, calculated and payable monthly on the last day of each month, both before and after demand, default, maturity or judgment and until indefeasible payment in full (other than for overdrafts exceeding the permitted limit which shall accrue interest at the rate of 21% per annum both before and after demand, default and judgment until indefeasible payment in full).
- (g) All payments to the Bank shall be made at the address of the Bank Branch or at such other place as the Bank may specify in writing from time to time. The Borrower shall make payment to the Bank in immediately available funds in the same currency(ies) as the currency in which the original Loan or other credit was advanced or made available by the Bank. Any payment delivered or made to the Bank by 1:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made after such time such payment shall be credited as of the next Business Day.
- (h) Notwithstanding anything to the contrary contained in this Facility Letter, the parties acknowledge that:
 - (i) the applicable rate of interest payable by a Borrower in connection with this Facility Letter shall not be less than zero, even if the total of a reference rate used for the calculation of such interest and any applicable interest spread is less than zero, in which case the applicable rate of interest shall be zero; and
 - (ii) the Bank may, in its discretion, and is hereby irrevocably authorized by the Borrower to, make an advance under the Credit Facilities (or debit or set-off any bank account of a Borrower with the Bank in any currency), to pay any unpaid interest, fees or other amounts which have become due under the terms of this Facility Letter. If any provision of this Facility Letter or any Loan Document would obligate a Credit Party to make a payment of interest or other amount to the Bank in an amount or calculated at a rate that would be prohibited by law or would result in receipt by the Bank of interest at a criminal rate (as construed under the Criminal Code (Canada)), then notwithstanding that provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in receipt by the Bank of interest at a criminal rate.
- (i) The Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Credit Facilities, and interest, fees and other amounts due in connection with the Credit Facilities, in an account of a Borrower maintained by the Bank shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under the Credit Facilities; provided that the obligation of the Borrower to pay or repay any obligations in accordance with the terms and conditions of the Credit Facilities shall not be affected by the failure of the Bank to make such recording. The Borrower also acknowledges

being indebted to the Bank for principal amounts shown as outstanding from time to time in the Bank's account records, including any amounts for which the Borrower is jointly and severally, or solidarily, liable, if any, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of this Facility Letter.

- (j) The obligation of the Borrower to make all payments under this Facility Letter and the Loan Documents shall be absolute and unconditional and shall be made without any deduction or withholding of any nature and shall not be limited or affected by any circumstance, including, without limitation:
 - (i) any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Bank or anyone else for any reason whatsoever; or
 - (ii) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower.
- (k) In addition to and not in limitation of any rights now or hereafter available to the Bank under applicable law or arising under the Loan Documents, the Bank is hereby irrevocably authorized, at any time and from time to time, to set-off and appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing by the Bank to or for the credit of the Borrower against and on account of the obligations of the Borrower to the Bank under this Facility Letter, irrespective of currency and irrespective whether such obligations of the Borrower are owing on a joint and several, or solidary, basis. The Bank agrees to provide written notice to the Borrower of the exercise of any of the rights under this section promptly after the exercise of such rights.
- (l) The Borrower shall pay to and indemnify and save harmless the Bank for the full amount of all out of pocket costs and expenses (including, but not limited to, any interest payable in order to maintain any Loan hereunder) which the Bank may sustain or incur as a consequence of the failure by the Borrower to pay when due any principal of or any interest on any Loan or any other amount due hereunder.
- (m) All payments made on account of principal, interest or otherwise shall be made to the Bank, to the extent permitted by applicable Legal Requirements, free and clear of and exempt from, and without deduction for or on account of, any present or future Taxes or other charges of any nature imposed, levied, collected, withheld or assessed by any Governmental Authority. However, in the event that any payments made under this Facility Letter shall not be made free and clear of and exempt from, and without deduction or withholding for or on account of any Taxes, then the Borrower shall gross up the payments to the Bank so that the Bank receives such additional amounts as may be necessary in order that each such net payment to the Bank, after payment or deduction or withholding for and on account of any such Taxes, will not be less than the amount to be paid and received by the Bank in accordance with this Facility Letter. With respect to each such deduction or withholding, the Borrower shall promptly pay any such Taxes and (but in no event later than 90 days after payment) furnish to the Bank evidence of such payment, satisfactory to the Bank and also at the Bank's request provide such certificates, receipts and other documents required to establish any tax credit to which the Bank may be entitled.
- (n) The agreements of the Borrower pursuant to the foregoing subparagraphs (l) and (m) shall survive the repayment of the Loans and the termination of this Facility Letter or the Credit Facilities (or both).
- (o) The remedies, rights and powers of the Bank under this Facility Letter, the Loan Documents and at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights

or powers of the Bank and no delay or omission in exercise of such remedy, right, or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

IV. Conditions Precedent

In addition to the conditions precedent previously set out in the Facility Letter, it shall also be a condition precedent to the initial advance and continued availability of any credit or advances under any of the Credit Facilities that the Bank shall have received and be satisfied with:

- (a) completed Loan Documents registered where necessary in form and manner satisfactory to the Bank's solicitors;
- (b) satisfactory banker's and/or other agency reports on the financial position of each Credit Party and such customers of the Borrower as the Bank may specify from time to time;
- (c) verification of insurance arranged by the Borrower conforming to the Bank's requirements;
- (d) confirmation that the Borrower is in compliance with each of the terms and conditions of this Facility Letter;
- (e) all identification, business activity, business structure and other "know your customer" documents and information as required by the Bank and any screening conducted in accordance with Sanctions and other applicable legal requirements; and
- (f) such other conditions as the Bank may determine, in its discretion.

V. Borrower's Covenants and Conditions of Credit

In addition to the conditions previously set out, the following additional conditions shall apply until all indebtedness and liability under the Credit Facilities are indefeasibly repaid in full to the Bank and the Credit Facilities cancelled:

- (a) The Borrower shall not, without the prior written consent of the Bank:
 - (i) grant or allow any lien, charge, security interest, right or other encumbrance, whether fixed or floating, to be registered against or exist on any of its property and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
 - (ii) become a guarantor or an endorser or otherwise become liable upon any note or other obligation other than in the normal course of business of the Borrower;
 - (iii) declare any management bonus, declare or pay dividends on any class or kind of its shares or other securities, repurchase or redeem any of its shares or other securities, or reduce its capital in any way whatsoever or repay any shareholders' advances that would cause a breach of agreed covenants;
 - (iv) amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change in ownership or corporate structure of the Borrower, or the issuance of bearer shares;
 - (v) permit any property taxes or strata fees to be past due at any time; or

- (vi) enter into any agreement for the purchase or sale of any property outside the normal course of business;
 - (vii) borrow money, obtain credit or incur additional funded indebtedness (other than pursuant to the Credit Facilities).
- (b) The Borrower agrees to file all tax returns which it is required to file in accordance with any Legal Requirement from time to time; to pay or make provision for the payment of all taxes (including any interest and penalties); to pay any Potential Prior Ranking Claims when due; and to maintain adequate reserves for the payment of any tax which is being contested diligently in good faith.
- (c) The Bank shall have the right to waive the delivery of any Loan Documents or the performance of any term or condition of this Facility Letter, and may advance all or any portion of the Loan(s) prior to satisfaction of any of the Conditions Precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of performance of such obligation or condition for any future advance.
- (d) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently.
- (e) If the amount outstanding under any Credit Facility (i) in CAD plus the Canadian Dollar Equivalent of the amount outstanding under any of the Credit Facilities in a currency other than Canadian Dollars, or (ii) in USD plus the USD Equivalent of the amount outstanding under any of the Credit Facilities in a currency other than USD, at any time exceeds the Maximum Limit, the Bank may, from time to time, in its sole discretion:
- (i) limit the further utilization of that Credit Facility;
 - (ii) convert all or part of the amount outstanding under that Credit Facility to Canadian Dollars in which event, interest shall accrue and be paid on such converted amounts at the rate set out in this Facility Letter for Canadian dollar advances accruing interest with reference to the Bank's Prime Rate. If no such rate is set out in this Facility Letter, interest shall accrue on the amount so converted at the Bank's Prime Rate plus 3% per annum, calculated monthly and payable on the last day of each month, both before and after demand, default, maturity or judgment and until indefeasible payment in full; or
 - (iii) require the Borrower to pay the excess.
- (f) With respect to any monies payable by the Borrower hereunder, or any portion or portions thereof, which are payable in a currency other than CAD (the "**Foreign Currency Obligation**"), the following provisions shall apply:
- (i) payment of the Foreign Currency Obligation made hereunder shall be made in immediately available funds in lawful money of the jurisdiction in the currency of which the Foreign Currency Obligation is payable (the "**Foreign Currency**") in such form as shall be customary at the time of payment for settlement of international payments in Vancouver, British Columbia without set-off, compensation, or counterclaim and free and clear of and without deduction for any and all present and future taxes, levies, imposts, deductions, charges and withholdings with respect thereto.
 - (ii) if the Borrower makes payment to the Bank, or if an amount is applied by the Bank, in CAD in circumstances where the relevant indebtedness and liabilities constitute a Foreign Currency Obligation, such payment or amount shall satisfy the said liability of the Borrower hereunder only to the extent that the Bank is able, using the rate of exchange applied by the Bank in accordance with its normal banking procedures, to purchase the full amount of the relevant

Foreign Currency owing with the amount of the CAD received by the Bank on the date of receipt, and the Borrower shall remain liable to and hereby agrees to indemnify the Bank for any deficiency (together with interest accruing thereon calculated and payable pursuant to the terms of the relevant underlying indebtedness and liabilities).

- (iii) the Borrower shall indemnify and hold the Bank harmless from any loss incurred by the Bank arising from any change in the value of CAD in relation to the relevant Foreign Currency between the date the Foreign Currency Obligation becomes due and the date of full, final and indefeasible payment thereof to the Bank.
- (iv) if for the purpose of commencing any proceeding against the Borrower to enforce payment of its indebtedness and liability under the Credit Facilities it is necessary to convert a sum due hereunder in a Foreign Currency into CAD, the rate of exchange used for purposes of commencing such proceeding shall be the rate of exchange at which in accordance with its normal banking procedures the Bank could purchase CAD with such Foreign Currency amount claimed to be due hereunder on the Business Day preceding that on which proceeding is commenced.
- (v) The obligation of the Borrower in respect of any such sum due from it to the Bank hereunder shall, notwithstanding any judgment in CAD, be discharged only to the extent that on the Business Day following receipt by the Bank of any sum adjudged to be so due in CAD the Bank may in accordance with its normal banking procedures purchase the relevant Foreign Currency in the full amount owing to the Bank with the CAD; if the amount of such Foreign Currency so purchased is less than the sum actually due to the Bank in such Foreign Currency the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Bank against such loss and if the Foreign Currency purchased exceeds the sum actually due to the Bank in the Foreign Currency, the Bank agrees to remit such excess to the Borrower as the Borrower may be entitled thereto.
- (g) The Borrower confirms that it will (i) not directly or indirectly use any amounts advanced or seek advances under the Credit Facilities for any illegal purpose or (a) to fund any activity or business with any person or in any country or territory that is the subject or target of Sanctions or (b) in any manner that would result in a violation of Sanctions by any person (including any lender, advisor, or otherwise) and (ii) not repay any amounts owing to the Bank using any funds derived directly or indirectly from any illegal or sanctionable activity, provided that this covenant shall be inapplicable only to the extent of any relevant violation of the *Foreign Extra-Territorial Measures Act* (Canada) or any similar applicable anti-boycott law or regulation.

VI. **Environmental Matters**

- (a) To the best of the Borrower's knowledge after due and diligent inquiry, no regulated, hazardous or toxic substances are being stored on any of the Borrower's lands, facilities or premises (the "**Premises**") or any adjacent property, nor have any such substances been stored or used on the Premises or in the Borrower's business or any adjacent property prior to the Borrower's ownership, possession or control of the Premises. The Borrower agrees to provide written notice to the Bank immediately upon the Borrower becoming aware that the Premises or any adjacent property are being or have been contaminated with regulated, hazardous or toxic substances. The Borrower shall not permit any activities on the Premises which directly or indirectly could result in the Premises or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of this Facility Letter, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance

or other similar term, by any Legal Requirement now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such Legal Requirement.

- (b) The Borrower shall promptly comply with all Legal Requirements relating to the use, collection, storage, treatment, control, removal or cleanup of regulated, hazardous or toxic substances in, on, or under the Premises or in, on or under any adjacent property that becomes contaminated with regulated, hazardous or toxic substances as a result of construction, operations or other activities on, or the contamination of, the Premises, or incorporated in any improvements thereon. The Bank may, but shall not be obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Borrower shall reimburse the Bank on demand for the full amount of all costs and expenses incurred by the Bank in connection with such compliance activities.
- (c) The property of the Borrower which are now or in the future encumbered by any one or more of the Loan Documents are hereby further mortgaged and charged to the Bank, and the Bank shall have a security interest in such assets, as security for the repayment of such costs and expenses and interest thereon, as if such costs and expenses had originally formed part of the Credit Facilities.

VII. Increased Cost Indemnities.

If any change in the applicable Legal Requirements or in their interpretation or the administration of any of them by any Governmental Authority, or compliance by the Bank with any request (whether or not having the force of law) of any relevant central bank or other comparable agency or Governmental Authority, shall change the basis of taxation of payments to the Bank of the principal of or interest on the Loans or any other amounts payable under this Facility Letter (except for changes in the rate of tax on, or determined by reference to, the net income or profits of the Bank) or shall impose, modify or deem applicable any reserve, special deposits or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank or shall impose on the Bank or the London interbank market any other conditions directly affecting this Facility Letter or the Loans, and the result of any of the foregoing is to increase the cost to the Bank of making the Loans or maintaining the Loans or to reduce the amount of any sum received or receivable by the Bank under this Facility Letter by an amount deemed by the Bank to be material, then the Borrower shall, upon receiving notice from the Bank, reimburse to the Bank, on demand by the Bank, such amount or amounts as will compensate the Bank for such additional cost or reduction. A certificate of a manager or account manager of the Bank setting forth the additional amounts necessary to compensate the Bank as aforesaid, and the basis for its determination, shall be conclusive as to the determination of such amount in the absence of manifest error.

VIII. Bank Visits

Representatives of the Bank shall be entitled to attend at and inspect the Borrower's place(s) of business and to view all financial records of the Borrower and meet with key officers or employees of the Borrower at any time, on reasonable notice.

IX. Legal and Other Expenses

The Borrower shall pay (i) all reasonable legal fees and disbursements (on a solicitor and own client basis) in respect of legal advice and services to or on behalf of the Bank in connection with the Credit Facilities including: the preparation, negotiation and settlement of the Facility Letter, the preparation, issue and registration of the Loan Documents together with any amendments or restatements thereto from time to time; the enforcement and preservation of the Bank's rights and remedies; searches from time to time, including in connection with any advance; and (ii) all reasonable fees and expenses relating to appraisals, insurance consultation, environmental investigation, credit reporting and other due diligence and to responding to demands of any Governmental Authority; whether or not the documentation is completed or any funds are advanced under the Credit Facilities.

X. Non-Merger; Records of Bank; Assignment

The terms and conditions of this Facility Letter shall not be merged by and shall survive the execution and delivery of the Loan Documents.

The taking of judgment on any covenant contained in this Facility Letter and/or the other Loan Documents shall not operate so as to create any merger or discharge of any indebtedness or liability of the Borrower under, nor of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security of any form held or which may in the future be held by the Bank from the Borrower or from any other Person.

The benefits conferred by this Facility Letter and the other Loan Documents shall enure to the benefit of the Bank and its successors and assigns and shall be binding on each Credit Party and their respective heirs, successors and permitted assigns.

The records of the Bank as to the making or rollover of Loans (and the amounts thereof) hereunder, payment of any money payable hereunder or any part thereof being in default or of any notice or demand for payment having been made shall be prima facie proof of such fact, absent manifest error.

No Credit Party shall assign all or any of its rights, benefits or obligations under this Facility Letter or the Loan Documents without the prior written consent of the Bank. The Bank shall be entitled, without the consent of the Credit Parties, to assign, syndicate, sell or transfer all or any portion of its rights, benefits and obligations under this Facility Letter and the Loan Documents.

XI. Waiver; Amendment

No term or condition of this Facility Letter or any of the other Loan Documents may be waived or varied verbally or deemed to be waived or varied by any cause or course of conduct of any officer, employee or agent of the Bank. All waivers must be in writing and signed by a duly authorized officer of the Bank.

Any amendment to this Facility Letter or the other Loan Documents must be in writing and signed by a duly authorized officer of the Bank. Without limiting the foregoing, the Bank may amend this Facility Letter if such amendment is required in connection with any change in applicable law or its interpretation or in connection with any Legal Requirement; the Bank shall provide 30 days prior written notice of any such amendment.

XII. Severability

Any provision of this Facility Letter or other Loan Document which is determined or adjudged to be illegal, invalid, prohibited or unenforceable under applicable law in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such illegality, invalidity, prohibition or unenforceability and shall be severed from the balance of this Facility Letter or such Loan Document, all without affecting the remaining provisions of this Facility Letter or such Loan Document or affecting the legality, validity or enforceability in any other jurisdiction.

XIII. Consent to Disclosure

- (a) Each Credit Party consents to and acknowledges that it is aware that credit, financial and personal inquiries regarding each Credit Party and individuals connected to Credit Parties (including directors, officers, shareholders and individuals acting on behalf of a Credit Party) may be gathered, made, maintained and/or used at any time in connection with: (i) initial and ongoing credit assessment, (ii) any funding of the Credit Facilities by investors or participants or any assignment or sale of the Credit Facilities by the Bank, and (iii) the enforcement of any remedies that the Bank may have under the Credit Facilities, (iv) compliance and risk monitoring purposes and each Credit Party consents to the making of any such inquiries by or on behalf of the Bank and consents, without restriction and without further notice to or further consent of the such Credit Party, to disclosure of any such information to any

prospective investor, participant, assignee or purchaser of all or any part of the Credit Facilities. Each Credit Party irrevocably waives, to the extent permitted under applicable law, any and all rights it may have to notice of or to prohibit such disclosure, including, without limitation, any right of privacy.

- (b) The Bank may collect, use, transfer and disclose information for the following purposes and as follows:
- (i) Providing information respecting other services;
 - (ii) Taking any Compliance Action referred to in this Schedule A (including actions taken to comply with laws, international guidance, internal policies or procedures, requirements from judicial, administrative, law enforcement and regulatory authorities);
 - (iii) Conducting financial crime risk management activity, including verifying the identification of the Credit Party and related individuals, screening, monitoring and investigation activity, and sharing information within HSBC Group, including in other jurisdictions, for these purposes;
 - (iv) Judicial, administrative, public or regulatory bodies, as well as governments, tax, revenue and monetary authorities, examiners, monitors, securities or futures exchanges, courts, central banks or law enforcement bodies with jurisdiction over any HSBC Group member.
- (c) The Bank may collect, transfer and disclose information for these purposes from and to members of the HSBC Group, sub-contractors, agents and service providers within Canada and in other jurisdictions.
- (d) Before providing the Bank with personal information respecting any connected individual, the Credit Party will ensure that it has provided all necessary disclosures to, and obtained any necessary consents from, such individuals in connection with the collection, use and disclosure of such information by the Bank.

XIV. Time of Essence

Time shall be of the essence of this Facility Letter.

XV. Indemnity

The Borrower agrees to keep the Bank and its officers, directors, employees, solicitors, agents and affiliates (collectively, the **"Bank Group"**) indemnified against any claim for any damages, losses, costs or expenses (including, without limitation, legal costs on a solicitor and his own client basis) incurred or suffered by any member of the Bank Group in relation to this Facility Letter or as a consequence (direct or indirect) of any breach by the Borrower of this Facility Letter, or as a result of an assessment made by any tax authority in respect of any payment made by the Bank to any third party including, without limitation, to the beneficiary of any LG, unless such damage, loss, cost or expense was incurred solely as a direct result of the Bank's gross negligence or wilful misconduct.

XVI. Governing Law

This Facility Letter and, unless otherwise specified therein, all Loan Documents or instruments delivered in accordance with this Facility Letter shall be governed by and interpreted in accordance with the laws of the Province of British Columbia (the **"Governing Jurisdiction"**) and the federal laws of Canada applicable therein. Each Credit Party irrevocably submits to the non-exclusive jurisdiction of the courts in the Governing Jurisdiction and waives, to the fullest extent permitted by applicable law any defence based on convenient forum.

XVII. Financial Crimes and Sanctions Laws Acknowledgements and Indemnification

Each Credit Party acknowledges and agrees that:

- (a) the Bank, HSBC Holdings plc, its affiliates and subsidiaries (together “**HSBC Group**”), and HSBC Group’s service providers are required to act in accordance with the laws and regulations of various jurisdictions, including those which relate to Sanctions and the prevention of money laundering, terrorist financing, bribery, corruption and tax evasion;
- (b) the Bank may take, and may instruct other members of the HSBC Group to take, to the extent it or such member is legally permitted to do so under the laws of its jurisdiction, any action (a “**Compliance Action**”) that the Bank or any such other member, in its sole discretion, considers appropriate to act in accordance with Sanctions or domestic and foreign laws and regulations. Such Compliance Action may include but is not limited to the interception and investigation of any payment, communication or instruction or other information; the making of further enquiries as to whether a Person or entity is subject to any Sanctions; and the refusal to issue, pay, renew, extend or transfer any DC or LG or to process any transaction or instruction that, in the Bank’s discretion, may not conform with Sanctions. The Bank will use reasonable commercial efforts to notify the Borrower of the existence of such circumstances as soon as is reasonably practicable, to the extent permitted by law;
- (c) neither the Bank nor any member of HSBC Group will be liable for any loss, cost, damage, claim, action, suit, liabilities, suffered or incurred by the Borrowers, any Guarantor or other Person, or for any delay or any failure of the Bank to perform its duties under this Facility Letter arising out of or relating to any Compliance Action taken by or on behalf of the Bank, its service providers, or any HSBC Group member in its sole discretion;
- (d) the Bank may, in its sole discretion, refuse to issue, pay, renew, extend or transfer any DC or LG in connection with or relating to any countries, governments, entities or other Persons that are subject to Sanctions or limitations imposed by domestic or foreign laws, or by the Bank or any member of the HSBC Group, and that the Bank has the right, without prior notice to any Credit Party, to reject, refuse to pay, any demand, or not process any transaction or instruction that does not conform with any such Sanctions, or limitations; and
- (e) The Borrower will indemnify the Bank for all losses, costs, damages, claims, actions, suits, demands and liabilities suffered or incurred by or brought against the Bank arising out of or relating to any Compliance Action, unless such losses, costs, damages, claims, actions, suits, demands and liabilities are determined by a final, non-appealable decision of a court of competent jurisdiction to have been caused solely and directly by the gross negligence or wilful misconduct of the Bank.

XVIII. Electronic Communications and Electronic Signatures

- (a) The Borrower hereby authorizes the Bank to accept Electronic Communications and Electronic Signatures from the Borrower in relation to this Facility Letter and the Loan Documents and hereby consents to receiving commercial electronic messages from or on behalf of the Bank and any agreement, instruction, document, information, disclosure, notice or other form of communication from the Bank by Electronic Communication.
- (b) The Borrower agrees that any Electronic Communication, including any Electronic Signature associated with such Electronic Communication, which the Bank receives from the Borrower or in the Borrower’s name, or which appears to be from the Borrower or in its name, will be considered to be duly authorized and binding upon the Borrower (whether or not that Electronic Communication was actually from or authorized by the Borrower) and the Bank will be authorized to rely and act upon any such Electronic

Communication, including any Electronic Signature associated with the Electronic Communication, even if it differs in any way from any previous Electronic Communication sent to the Bank.

- (c) The Borrower acknowledges that: (i) the form, format and delivery of each Electronic Communication will permit it to retain, store and subsequently access and retrieve such Electronic Communication without the requirement of any specialized or proprietary equipment or software from the Bank; and (ii) it is the Borrower's responsibility to acquire and maintain the necessary computer equipment and software to deliver, receive, store, retain and subsequently access each Electronic Communication.
- (d) The Borrower acknowledges and agrees that the Bank's methods of storing, maintaining and retrieving any Electronic Communication, including any Electronic Signatures associated with such Electronic Communication, and the Bank's data systems, maintain the integrity of the Electronic Communication. If, for any reason, an Electronic Communication stored in the Bank's data systems differ from the Borrower's, the Borrower acknowledges and agrees that the version stored on the Bank's data systems shall prevail over any inconsistency. In this regard, the Borrower acknowledges and agrees that Electronic Communications maintained by the Bank will be admissible in any legal or other proceedings as conclusive evidence as to the contents of those Electronic Communications in the same manner as an original paper document, and that further proof of our records system integrity is not required (the integrity of the Bank's records system is hereby acknowledged and agreed by the Borrower) and the Borrower hereby waives any right to object to the introduction of any such Electronic Communications into evidence. To the fullest extent permitted by applicable law, the Borrower waives any defence, or waiver of liability, based on the absence of a written document in paper format, signed manually. The Borrower will keep its own records of all Electronic Communications for a period of 7 years (unless otherwise stipulated by local regulation) and will produce them to the Bank upon request.
- (e) At the Bank's discretion, it may require: (i) Electronic Communications be delivered using technology acceptable to the Bank including the use of a secure Electronic Signature, and (ii) any agreement, instruction, document, information, disclosure, notice or other form of communication from the Borrower to be manually signed and/or delivered to the Bank in paper format. If the Bank requires that the Borrower acknowledge its agreement to this Facility Letter or any Loan Document by clicking the appropriate button, the Borrower will follow any instructions that the Bank provides to indicate the Borrower's agreement (which may include typing the Borrower's name and/or clicking "I Agree" or similar button).
- (f) When the Borrower's handwritten or Electronic Signature is delivered by facsimile, email or other electronic or digital transmission, such transmission shall constitute delivery of an executed copy of this Facility Letter or relevant Loan Document. If the Borrower uses an Electronic Signature to indicate its agreement, the Borrower shall ensure that its Electronic Signature is attached to or associated with the relevant Electronic Communication.

XIX. Further Assurances

Each Credit Party shall, at its cost and expense, upon request of the Bank, duly execute and deliver, or cause to be duly executed and delivered, to the Bank all such further agreements, instruments, documents and other assurances and do and cause to be done all such further acts and things as may be necessary or desirable in the reasonable opinion of the Bank to carry out more effectually the provisions and purposes of this Facility Letter or any of the other Loan Documents..

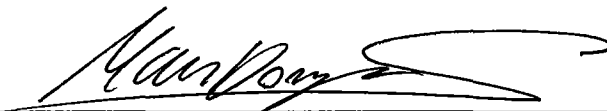
XX. Conflict

In the event of any conflict between the terms of this Schedule and the corresponding terms of the Facility Letter to which this Schedule is attached, the terms of such facility letter shall prevail to the extent necessary to resolve such conflict. In the event of a conflict between the terms of this Facility Letter and the corresponding terms of any of the other Loan Documents, the terms of this Facility Letter shall prevail to the extent of such conflict.

XXI. Confidentiality

Each Credit Party acknowledges that the contents of this Facility Letter are confidential and shall not be disclosed by such Credit Party other than to its solicitors (or any other person bound by a duty of confidentiality) except with the prior written consent of the Bank.

This is Exhibit "D" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.

A handwritten signature in black ink, appearing to read 'H. B. ...', written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia



May 16, 2023

G3 Genuine Guide Gear Inc.
3771 Marine Way
Burnaby, BC V5J 5A7

PRIVATE & CONFIDENTIAL

Attention: Oliver Steffen

Dear Sir:

We refer to the facility letter (including the schedules and appendices thereto) dated May 28, 2020, as amended from that date to the date hereof (as further amended by this agreement, the "**Facility Letter**") between HSBC Bank Canada (the "**Bank**") and G3 Genuine Guide Gear Inc. (the "**Borrower**"). On the basis of the financial information and other information, representations, warranties and documents provided to the Bank, the Bank has agreed, at the request of the Borrower, to continue to provide the Credit Facilities and to amend certain terms and conditions of the Facility Letter all as more particularly set out below. This agreement does not amend or supersede any other agreements between the parties respecting other products and services provided by the Bank unless specifically stated otherwise.

1. Amendments to the Facility Letter

As of the date hereof, the following terms of the Facility Letter shall be as follows:

1.1 Section 1.1 of the Facility Letter is deleted and replaced in its entirety with the following:

1.1 Amount

Demand operating revolving loan facility ("**Operating Loan Facility**") available at the Bank's discretion by way of any of the types of advances and other credit described in section 1.3 (below) up to but not exceeding in aggregate (for all such types of advances and other credit), subject to the Margin Requirement, if any, in the following amounts:

- (a) CAD 3,000,000 (the "**Bulge Limit**") from the date of acceptance of this Facility Letter to October 31, 2023; and
- (b) CAD 2,700,000 (the "**Ordinary Limit**") from November 1, 2023 and thereafter.

For purposes of this Facility Letter, the period of time in Section 1.1(a) is referred to as the "**Bulge Period**" and 1.1(b) is referred to as the "**Ordinary Period**".

1.2 Section 1.3 of the Facility Letter is deleted and replaced in its entirety with the following:

1.3 Availability

Loan advances and other credit under the Operating Loan Facility ("**Operating Loans**") are available as follows:

- (a) CAD account overdraft up to an aggregate principal amount not exceeding the Ordinary Limit during the Ordinary Period and the Bulge Limit during the Bulge Period ("**CAD Overdraft Loans**"); and

- (b) USD account overdraft up to an aggregate principal amount not exceeding the US Dollar Equivalent of the Ordinary Limit during the Ordinary Period and the US Dollar Equivalent of the Bulge Limit during the Bulge Period ("**USD Overdraft Loans**").

The Borrower shall ensure that the aggregate Canadian Dollar Equivalent of all amounts advanced and credits outstanding under the Operating Loan Facility shall at no time exceed the amount set out in section 1.1 above.

- 1.3 Section 1.5 of the Facility Letter is deleted and replaced in its entirety with the following:

1.5 Interest

Interest on the outstanding principal balance of all Loans and other credit advanced under the Operating Loan Facility shall, unless otherwise provided, be calculated and payable as follows:

- (a) for CAD Overdraft Loans, the Bank's Prime Rate plus 2.50% per annum, calculated monthly in arrears on the daily balance on the last day of each month, payable on the first Business Day of the following month; or
- (b) for USD Overdraft Loans, the Bank's U.S. Base Rate plus 2.50% per annum, calculated monthly in arrears on the daily balance on the last day of each month, payable on the first Business Day of the following month.

- 1.4 Section 1.6 of the Facility Letter is deleted and replaced in its entirety with the following:

1.6 Fees

The Borrower shall pay to the Bank:

- (a) an administration fee of CAD 150 payable on the first Business Day of each month with respect to the previous month;
- (b) an amendment fee of CAD 3,000 payable on acceptance of this Facility Letter;
- (c) a late reporting fee of CAD 500 to be applied monthly at any time the Borrower does not submit the financial reporting required under this Facility Letter within the stipulated time period; and
- (d) an annual review fee of CAD 1,500.

- 1.5 Section 2 of the Facility Letter is deleted in its entirety.

- 1.6 Section 5 of the Facility Letter is deleted and replaced in its entirety with the following:

5. Margin Requirement

Notwithstanding any other provision of this Facility Letter, the Borrower shall ensure that the sum of the following (in CAD or Canadian Dollar Equivalent thereof), calculated by the Bank:

- (a) the amount advanced and liabilities outstanding under the Operating Loan Facility by way of CAD Overdraft Loans and USD Overdraft Loans;

shall at no time exceed the aggregate (in CAD or Canadian Dollar Equivalent thereof, calculated by the Bank) of the following (the "**Margin Requirement**"):

- (i) 75% of Acceptable Receivables, including the portion of Insured Receivables owing by account debtors other than Approved Debtors exceeding \$10,000; plus

- (ii) 90% of under 120 days Insured Receivables, subject to maximum amounts specified in any insurance certificate; plus
- (iii) 60% of Acceptable Inventory during the Bulge Period and to a maximum of CAD 2,500,000 during the Ordinary Period, provided that the Borrower has obtained an Export Guarantee from Export Development Canada ("EDC") set forth in Section 6.1(f); plus
- (iv) 100% of cash, credit balances and deposit instruments over which the Bank has a first ranking Lien and are currently on hand and blocked in bank accounts at the Bank; less
- (v) Potential Prior Ranking Claims.

1.7 A new Section, numbered Section 6.3, shall be added to the Facility Letter immediately after Section 6.2, as follows:

6.3 The liability, indebtedness and obligations of the Borrower and the Guarantor under all of the Credit Facilities shall continue to be evidenced, governed and secured, as the case may be, by the Loan Documents previously delivered by the Borrower and Guarantor pursuant to the Facility Letter, including those outlined in Section 6.1 of the Facility Letter, the continuing validity of which is hereby acknowledged by the Borrower and Guarantor unless otherwise released by the Bank as specified in the next Section below (if any), together with the following additional Loan Documents and any other required loan or security documents, including this agreement, completed and signed in a form and manner satisfactory to the Bank:

- (a) documentation respecting insurance provided by Euler Hermes or a similar insurer approved by the Bank, as required by the Bank from time to time (replacing section 6.1 (h)).

1.8 Section 7 of the Facility Letter is deleted and replaced in its entirety with the following:

7. Conditions Precedent

In addition to the conditions precedent set out in Schedule A, it shall be a condition precedent to the next advance and the continued availability of the Credit Facilities that the Bank shall have received in form and content satisfactory to the Bank:

- (a) the Loan Documents, duly authorized, executed and delivered, and, as relevant, duly registered;
- (b) copies of all Material Agreements (if any) and such other documents as the Bank may reasonably request;
- (c) as a condition precedent to the Bulge Limit under the Operating Loan Facility referred to in Section 1.1 (above):
 - (i) confirmation from First West Credit Union that the Borrower has obtained additional working capital support in the amount of CAD 300,000.
- (d) confirmation from EDC that the related due diligence and renewals of the Export Guarantees set forth in Section 6.1 (f) are up to date.

2. Interpretation

All capitalized terms herein, unless otherwise expressly defined herein, shall have the meaning ascribed to them in the Facility Letter.

The Facility Letter and the Loan Documents shall henceforth be read and construed in conjunction with this agreement; and the Facility Letter and this agreement shall henceforth have effect as far as practicable as though the provisions thereof were contained in one instrument.

All the terms, conditions and provisions of the Facility Letter not otherwise amended by this agreement shall remain unchanged and have full force and effect.

3. Continuation of Facility Letter

Each Credit Party agrees that this agreement constitutes an amendment to the Facility Letter and that accordingly, in this agreement the term "Facility Letter" means the Facility Letter as amended by this agreement.

4. Representations and Warranties

Each Credit Party confirms the representations and warranties made by it in the Facility Letter remain true and accurate as of the date hereof.

5. General Provisions

5.1 Governing Law

This agreement is governed by the laws of the Governing Jurisdiction.

5.2 Language Choice

The parties hereto have requested that this agreement and any document relating thereto be drafted in English. Les parties aux présentes ont exigé que cette convention et tout document y afférent soient rédigés en anglais.

6. Novation


It is expressly understood and agreed between the parties hereto that this agreement does not constitute a novation of the terms and conditions of the Credit Facilities, the Facility Letter or the other Loan Documents, the Bank hereby reserving all of its rights and recourses under the Credit Facilities, the Facility Letter and the other Loan Documents. Nothing set forth in this agreement shall, except as specifically set forth herein, be construed as altering the obligations of the Borrower and the Guarantors under the Credit Facilities, the Facility Letter and the other Loan Documents. Nothing herein shall in any way release the Borrower and the Guarantors from their obligations to the Bank under the Credit Facilities, the Facility Letter and the other Loan Documents.

7. Acceptance

Kindly confirm acceptance and agreement to the terms and conditions of this agreement by the Borrower signing, dating and delivering a copy of this letter, also acknowledged by the Guarantor to the Bank by 5:00 p.m. local time on June 6, 2023.


Yours truly,

HSBC BANK CANADA



Patrice Noble (May 16, 2023 17:07 PDT)

Patrice Noble
Senior Relationship Manager
Commercial Banking



Martin Parry (May 16, 2023 17:56 PDT)

Martin Parry
Director and Team Lead
Commercial Banking

The undersigned hereby acknowledge(s) and agree(s) to the terms and conditions of this Facility Letter as of:

(a) Where signed fully or partly using Electronic Signatures, the date indicated in connection with the Electronic Signature of the last or final signatory;

(b) Where signed solely by manual signatures, the following date: May 16, 2023

BORROWER:

G3 Genuine Guide Gear Inc.

Oliver Steffen
Per: Oliver Steffen (May 17, 2023 06:11 PDT)
Authorized Signatory
Title:
Name:

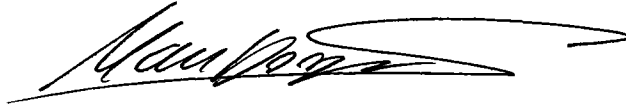
Per: _____
Authorized Signatory
Title:
Name:

GUARANTOR:

Oliver Steffen

Oliver Steffen
Oliver Steffen (May 17, 2023 06:11 PDT)
Signature of Individual Guarantor

This is Exhibit "E" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.

A handwritten signature in black ink, appearing to read "Alan [unclear]", written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

HSBC Bank Canada
GENERAL SECURITY AGREEMENT
(British Columbia, Alberta and New Brunswick)

This General Security Agreement made as of the 1 day of May, 2001

Between:

*(Insert Name and
Principal Address of
the Debtor)*

G3 Genuine Guide Gear Inc.
200 Donaghy Avenue
North Vancouver, BC

(the "Debtor")

And:

HSBC Bank Canada, a chartered bank of Canada, having a head office in the City of Vancouver, in the Province of British Columbia, and having a branch at

1577 Connsdale Avenue
North Vancouver, BC

(the "Bank")

I Security

1.1 For value received, the Debtor grants and creates the security constituted by this General Security Agreement and agrees to the terms, covenants, agreements, conditions, provisos and other matters set out in this General Security Agreement.

1.2 As general and continuing security for the Obligations (as defined in clause 2.1 hereof), the Debtor:

1.2.1 hereby grants to the Bank, by way of mortgage, charge, assignment and transfer, a security interest in all presently owned and hereafter acquired personal property of the Debtor of whatsoever nature and kind and wheresoever situate and all proceeds thereof and therefrom, renewals thereof, Accessions thereto and substitutions therefor, (all of which are herein collectively called the "Personal Property Collateral"), including, without limiting the generality of the foregoing, all the presently owned or held and hereafter acquired right, title and interest of the Debtor in and to all Goods (including all accessories, attachments, additions and Accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Licences, Money, Securities, and all:

- (a) Inventory of whatsoever nature and kind and wheresoever situate;
- (b) Equipment (other than Inventory) of whatsoever nature and kind and wheresoever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature and kind;
- (c) book accounts and book debts and generally all Accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, letters of guarantee and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor (all of which are herein collectively called the "Debts");
- (d) deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (e) contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property;
- (f) monies other than trust monies lawfully belonging to others; and
- (g) personal property described in any schedule now or hereafter annexed hereto; and

1.2.2 hereby charges as and by way of a floating charge in favour of the Bank all the presently owned or held and hereafter acquired property, assets, effects and undertakings of the Debtor of whatsoever nature and kind and wheresoever situate, other than such of the property, assets, effects and undertakings of the Debtor as are validly and effectively subjected to the security interest granted to the Bank pursuant to clause 1.2.1, (all of which property, assets, effects and undertakings so charged by this clause 1.2.2 are herein collectively called the "Other Collateral") including, without limiting the generality of the foregoing, all presently owned or held and hereafter acquired:

- (a) right, title and interest of the Debtor in and to real and immovable and leasehold property and rights whether in fee or of a less estate and all interest in and rights relating to lands and all easements, rights of way, privilege, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held and all structures, buildings, plant, machinery, fixtures, apparatus and fixed assets; and
- (b) businesses, goodwill and uncalled capital of the Debtor;

and the charge created by this clause 1.2.2 shall be a floating charge but so that the Debtor shall not have power without the prior written consent of the Bank to:

- (A) create or permit to exist any Encumbrance against any of the Other Collateral which ranks or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement, save for:
 - (1) those Encumbrances shown in the Encumbrance Schedule; and
 - (2) Encumbrances approved in writing by the Bank prior to creation or assumption; or
- (B) grant, sell, exchange, transfer, assign, lease or otherwise dispose of the Other Collateral.

1.3 In this General Security Agreement:

- 1.3.1 any reference to "Business Premises" shall mean real property which the Debtor uses in its business, if any;
- 1.3.2 the Personal Property Collateral and the Other Collateral are herein together called the "Collateral");
- 1.3.3 any reference to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof";
- 1.3.4 any reference to "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more corporations and, if more than one Debtor executes this General Security Agreement, this General Security Agreement shall apply and be binding upon each of them jointly and severally and all obligations hereunder shall be joint and several;
- 1.3.5 any reference to "Environmental Laws" shall mean any laws, regulations, orders, by-laws, permits or lawful requirements of any governmental authority with respect to environmental protection or regulating hazardous materials;
- 1.3.6 any reference to "General Security Agreement" shall, unless the context otherwise requires, be deemed a reference to this General Security Agreement as amended from time to time by written agreement together with the schedules hereto and any schedules added hereto pursuant to the provisions hereof;
- 1.3.7 any reference to "Hazardous Materials" shall mean any asbestos material, urea formaldehyde, explosives, radioactive materials, pollutants, contaminants, hazardous substances, corrosive substances, toxic substances, special waste or waste of any kind including, without limitation, compounds known as chlorobiphenyls and any substance the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of which into the environment is prohibited, controlled or licensed under Environmental Laws;
- 1.3.8 any reference to "PPSA" shall mean the Personal Property Security Act of the Province as amended from time to time, including any amendments thereto and any Act substituted therefor and amendments thereto;
- 1.3.9 any reference to the "Province" shall mean the Province of BC ; and
- 1.3.10 the terms "Goods", "Chattel Paper", "Documents of Title", "Equipment", "Accounts" "Consumer Goods", "Instruments", "Intangibles", "Licences" (Alberta and British Columbia only), "Money", "Securities", "Proceeds", "Inventory" and "Accessions" and other words and expressions which have been defined in the PPSA shall be interpreted in accordance with their respective meanings given in the PPSA (either in the singular or plural thereof), as the context requires unless otherwise defined herein or unless the context otherwise requires.

- 1.4 The Bank and the Debtor have not agreed to postpone the time for attachment of the security interest granted hereby.
- 1.5 The security interest in Consumer Goods hereby granted shall not become effective until, but shall become effective immediately when, the Bank notifies the Debtor in writing that it is effective.
- 1.6 The last day of the term of any lease held by the Debtor with respect to any of the Collateral is excluded from the security constituted by this General Security Agreement.

II Obligations Secured

- 2.1 The security constituted by this General Security Agreement is general and continuing security for payment, performance and satisfaction of each and every obligation, indebtedness and liability of the Debtor to the Bank (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety, (all of which obligations, indebtedness and liabilities are herein collectively called the "Obligations").
- 2.2 This General Security Agreement and the security constituted hereby are in addition to and not in substitution for any other security or securities which the Bank may now or from time to time hold or take from the Debtor or from any other person whomsoever.

III Representations and Warranties of the Debtor

- 3.1 The Debtor represents and warrants that, and, so long as this General Security Agreement remains in effect, shall be deemed to continuously represent and warrant that:
 - 3.1.1 this General Security Agreement has been authorized, executed and delivered in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor and all other matters and things have been done and performed so as to authorize

and make the execution and delivery of this General Security Agreement, the creation of the security constituted hereby and the performance of the Debtor's obligations hereunder, legal, valid and binding;

- 3.1.2 the Collateral is genuine and is owned by the Debtor free of all security interests, mortgages, liens, claims, charges and other encumbrances (herein collectively called "Encumbrances"), save for the security constituted by this General Security Agreement, those Encumbrances shown on the Encumbrance Schedule and those Encumbrances approved in writing by the Bank;
- 3.1.3 the Debtor has good and lawful authority to create the security in the Collateral constituted by this General Security Agreement;
- 3.1.4 each Debt, Chattel Paper and Instrument included in Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by the Debtor to the Bank from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defense, set off, claim or counterclaim against the Debtor which can be asserted against the Bank, whether in any proceeding to enforce the Collateral or otherwise;
- 3.1.5 with respect to Goods (including Inventory) comprised in the Collateral, the locations specified in the Location Schedule are accurate and complete (save for Goods in transit to such locations and Inventory on lease or consignment) and all fixtures or Goods about to become fixtures which form part of the Collateral will be situate at one of the locations specified in the Location Schedule;
- 3.1.6 the Business Premises are not insulated with urea formaldehyde and do not contain any asbestos material or underground tanks;
- 3.1.7 the Business Premises are free of any Hazardous Materials;
- 3.1.8 the Business Premises are not currently used in a manner, and, to the Debtor's knowledge, after having made due inquiry, no prior use has occurred, which is contrary to any laws, regulations, orders, bylaws, permits or lawful requirements of any Environmental Laws; and
- 3.1.9 there are no existing or threatened claims, actions, orders or investigations under any Environmental Laws against the debtor or against the Business Premises.

IV Covenants of the Debtor

- 4.1 The Debtor covenants and agrees that at all times while this General Security Agreement remains in effect the Debtor will:
 - 4.1.1 defend the Collateral for the benefit of the Bank against the claims and demands of all other persons;
 - 4.1.2 not, without the prior written consent of the Bank:
 - (a) create or permit to exist any Encumbrance against any of the Personal Property Collateral which ranks or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement, save for:
 - (i) those Encumbrances shown in the Encumbrance Schedule; and
 - (ii) Encumbrances approved in writing by the Bank prior to creation or assumption; or
 - (b) grant, sell, exchange, transfer, assign, lease or otherwise dispose of the Collateral;provided always, that, until default, the Debtor may, in the ordinary course of the Debtor's business, sell or lease Inventory and, subject to clause 5.2 hereof, use monies available to the Debtor;
 - 4.1.3 fully and effectively maintain and keep maintained valid and effective the security constituted by this General Security Agreement;
 - 4.1.4 notify the Bank promptly of:
 - (a) any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's name, the Debtor's business or the Collateral;
 - (b) the details of any significant acquisition of Collateral;
 - (c) the details of any claims or litigation affecting the Debtor or the Collateral;
 - (d) any loss or damage to the Collateral;
 - (e) any default by any Account Debtor in payment or other performance of obligations of the Account Debtor comprised in the Collateral; and
 - (f) the return to, or repossession by, the Debtor of Collateral;
 - 4.1.5 keep the Collateral in good order, condition and repair (in the locations specified in the Location Schedule or such other locations as the Bank may approve in writing) and not use the Collateral in violation of the provisions of this General Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
 - 4.1.6 carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the

Debtor's business as well as accurate and complete records concerning the Collateral and, at the Bank's request, mark any and all such records and the Collateral so as to indicate the security constituted by this General Security Agreement;

- 4.1.7 forthwith pay:
 - (a) all obligations to its employees and all obligations to others which relate to its employees when due, including, without limitation, all taxes, duties, levies, government fees, claims and dues related to its employees;
 - (b) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Bank may require; and
 - (c) all Encumbrances which rank or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement, other than the Encumbrances, if any, shown in the Encumbrance Schedule hereto and those approved in writing by the Bank;
- 4.1.8 prevent the Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an Accession to other property not covered by this General Security Agreement;
- 4.1.9 insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Bank shall reasonably direct (but in any event in accordance with prudent business practice and for not less than the full replacement cost thereof) with loss payable to the Bank and the Debtor, as insureds, as their respective interests may appear, and to pay all premiums for such insurance;
- 4.1.10 deliver to the Bank from time to time promptly upon request:
 - (a) any Documents of Title, Instruments, Securities and Chattel Paper comprised in or relating to the Collateral;
 - (b) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
 - (c) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (d) all policies and certificates of insurance relating to the Collateral; and
 - (e) such information concerning the Collateral, the Debtor and Debtor's business and affairs as the Bank may reasonably require;
- 4.1.11 forthwith pay all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) which may be incurred by the Bank in:
 - (a) inspecting the Collateral;
 - (b) negotiating, preparing, perfecting and registering this General Security Agreement and other documents, whether or not relating to this General Security Agreement;
 - (c) investigating title to the Collateral;
 - (d) taking, recovering, keeping possession of and insuring the Collateral;
 - (e) connection with any disclosure requirements under the PPSA; and
 - (f) all other actions and proceedings taken in connection with the preservation of the Collateral and the confirmation, perfection and enforcement of this General Security Agreement and of any other security held by the Bank as security for the Obligations;
- 4.1.12 at the Bank's request at any time and from time to time create in favour of the Bank, as security for the Obligations, a fixed charge or charges upon any of the Other Collateral;
- 4.1.13 at the Bank's request at any time and from time to time execute and deliver such further and other documents and instruments and do all other acts and things as the Bank reasonably requires in order to give effect to this General Security Agreement or to confirm and perfect, and maintain perfection of, the security constituted by this General Security Agreement in favour of the Bank;
- 4.1.14 permit the Bank and its representatives, at all reasonable times, access to all the Debtor's property, assets and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection;
- 4.1.15 comply with the covenants, if any, set out in the Additional Covenants Schedule;
- 4.1.16 develop and use the Business Premises only in compliance with all Environmental Laws;
- 4.1.17 permit the Bank to investigate the Business Premises, any goods on the Business Premises and the Debtor's records at any time and from time to time to verify such compliance with Environmental Laws and this General Security Agreement;
- 4.1.18 upon the request of the Bank, obtain from time to time at the Debtor's cost a report from an independent consultant designated or approved by the Bank verifying compliance with Environmental Laws and this General Security Agreement or the extent of any non-compliance therewith;

- 4.1.19 not store, manufacture, dispose, treat, generate, use, transport, remediate or release Hazardous Materials on or from the Business Premises without notifying the Bank in writing;
- 4.1.20 promptly remove any Hazardous Materials from the Business Premises in a manner which conforms to Environmental Laws governing their removal; and,
- 4.1.21 notify the Bank in writing of:
- (a) any enforcement, clean-up, removal, litigation or other governmental, regulatory, judicial or administrative action instituted, contemplated or threatened against the Debtor or the Business Premises pursuant to any Environmental Laws;
 - (b) all claims, actions, orders or investigations, made or threatened by any third party against the Debtor or the Business Premises relating to damage, contribution, cost recovery, compensation, loss or injuries resulting from any Hazardous Materials or any breach of the Environmental Laws; and
 - (c) the discovery of any Hazardous Materials or any occurrence or condition on the Business Premises or any real property adjoining or in the vicinity of the Business Premises which could subject the Debtor or the Business Premises to any fines, penalties, orders or proceedings under any Environmental Laws.

V Payments and Proceeds

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

VI Bank Actions

- 6.1 The Debtor hereby authorizes the Bank to:
- (a) file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying the Collateral or any permitted Encumbrances affecting collateral or identifying the locations at which the Debtor's business is carried on and the Collateral and records relating thereto are situate) as the Bank may deem appropriate to perfect and continue the security constituted hereby, to protect and preserve the Collateral and to realize upon the security constituted hereby and the Debtor hereby irrevocably constitutes and appoints the Bank the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient by the Bank; and
 - (b) make enquiries from time to time of any governmental authority with respect to the Debtor's compliance with Environmental Laws and the Debtor agrees that the Debtor will from time to time provide to the Bank with such written authorization as the Bank may reasonably require in order to facilitate the obtaining of such information.
- 6.2 The Bank may charge for its reasonable costs incurred in connection with any disclosure requirements under the PPSA.
- 6.3 If the Debtor fails to perform any of its Obligations hereunder, the Bank may, but shall not be obliged to, perform any or all of such Obligations without prejudice to any other rights and remedies of the Bank hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith shall be payable by the Debtor to the Bank forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall form part of the Obligations and constitute a charge upon the Collateral in favour of the Bank prior to all claims subsequent to this General Security Agreement.
- 6.4 The Debtor covenants and agrees that the Bank may, but shall be under no obligation to, at any time or times as the Secured Party deems necessary and without the concurrence of the Debtor or any other person make such arrangements for the repairing, finishing and putting in order of the Business Premises, including, without limitation, such repairs, replacements and improvements as are necessary so that the Debtor and the Business Premises comply with Environmental Laws, and all reasonable costs, charges and expenses including an allowance for the time and services of the Bank, the Bank's servants or agents or any other person or persons appointed for the above purposes including, without limitation, the full amount of all legal fees, disbursements, costs, charges and expenses incurred by the Bank and any amount due hereunder shall be payable forthwith to the Bank, shall be deemed an advance to the Debtor by the Bank, shall be deemed to be Obligations, and shall bear interest at the highest rate per annum from time to time charged by the Bank on any of the other Obligations until paid.

VII Default

- 7.1 The Debtor shall be in default under this General Security Agreement, unless otherwise agreed in writing by the Bank, upon the occurrence of any of the following events:
- 7.1.1 the Debtor makes default in payment when due of any of the Obligations which are indebtedness or liabilities or the Debtor fails to perform or satisfy any other of the Obligations; or
 - 7.1.2 the Debtor is in breach of any term, condition, proviso, agreement or covenant to the Bank, or any representation or warranty

given by the Debtor to the Bank is untrue, whether or not any such term, condition, proviso, agreement or covenant, representation or warranty is contained in this General Security Agreement; or

- 7.1.3 the Debtor makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the Bankruptcy and Insolvency Act (Canada), the Companies Creditors' Arrangement Act (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- 7.1.4 there is instituted by or against the Debtor any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding-up of affairs of, the Debtor; or
- 7.1.5 the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy; or
- 7.1.6 a receiver, receiver and manager or receiver-manager of all or any part of the Collateral or of any other property, assets or undertakings of the Debtor is appointed; or
- 7.1.7 any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or a distress or analogous process is levied upon the Collateral or any part thereof; or
- 7.1.8 an order is made or an effective resolution is passed for winding-up the Debtor; or
- 7.1.9 without the prior written consent of the Bank, the Debtor creates or permits to exist any Encumbrance against any of the Collateral which ranks or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement; or
- 7.1.10 the holder of any Encumbrance against any of the Collateral does anything to enforce or realize on such Encumbrance; or
- 7.1.11 the Debtor enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person; or
- 7.1.12 the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy; or
- 7.1.13 any certificate, statement, representation, warranty or audit report herewith, heretofore or hereafter furnished by or on behalf of the Debtor to the Bank, whether in connection with this General Security Agreement or otherwise, and whether furnished as an inducement to the Bank to extend any credit to or to enter into this or any other agreement with the Debtor or not:
 - (a) proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified; or
 - (b) proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor;or, upon the date of execution of this General Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, statement, representation, warranty or audit report, which change shall not have been disclosed to the Bank at or prior to the time of such execution.

7.2 For the purposes of Section 198.1 of the Land Title Act of British Columbia, the floating charge created by this General Security Agreement over land shall become a fixed charge thereon upon the earliest of:

- 7.2.1 the occurrence of an event described in any of clauses 7.1.3, 7.1.4, 7.1.5, 7.1.6, 7.1.7, or 7.1.8; or
- 7.2.2 the Bank taking any action to enforce and realize on the security constituted by this General Security Agreement.

VIII Enforcement

- 8.1 The Bank may make demand for payment at any time of any or all of the Obligations which are payable upon demand (whether or not there is any default under this General Security Agreement) and, upon any default under this General Security Agreement, the Bank may declare any or all of the Obligations which are not payable on demand to become immediately due and payable.
- 8.2 Upon default under this General Security Agreement, the security hereby constituted will immediately become enforceable.
- 8.3 To enforce and realize on the security constituted by this General Security Agreement the Bank may take any action permitted by law or in equity, as it may deem expedient, and in particular, without limiting the generality of the foregoing, the Bank may do any one or more of the following:
 - 8.3.1 appoint by instrument a receiver, receiver and manager or receiver-manager (the person so appointed is herein called the "Receiver") of the Collateral, with or without bond as the Bank may determine, and from time to time in its sole discretion remove such Receiver and appoint another in its stead;
 - 8.3.2 enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;
 - 8.3.3 preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Bank may deem advisable;

8.3.4 sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Bank may seem reasonable, provided that the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and

8.3.5 exercise all of the rights and remedies of a secured party under the PPSA.

8.4 A Receiver appointed pursuant to this General Security Agreement shall be the agent of the Debtor and not of the Bank and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Bank hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money either secured or unsecured, and if secured by a security on any of the Collateral, any such security may rank in priority to or pari passu with or behind the security constituted by this General Security Agreement, and if it does not so specify such security shall rank in priority to the security constituted by this General Security Agreement.

8.5 Subject to applicable law and the claims, if any, of the creditors of the Debtor ranking in priority to the security constituted by this General Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this General Security Agreement will be applied as the Bank, in its sole discretion, may direct as follows:

Firstly: in or toward payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Bank in connection with or incidental to:

- (a) the exercise by the Bank of all or any of the powers granted to it pursuant to this General Security Agreement; and
- (b) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to the Receiver pursuant to this General Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;

Secondly: in or toward payment to the Bank of all principal and other monies (except interest) due in respect of the Obligations;

Thirdly: in or toward payment to the Bank of all interest remaining unpaid in respect of the Obligations; and

Fourthly: any surplus will be paid to the Debtor.

IX Deficiency

9.1 If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full to the Bank, the Debtor will immediately pay to the Bank the amount of such deficiency.

X Rights Cumulative

10.1 All rights and remedies of the Bank set out in this General Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future general security agreement or now or hereafter existing at law or in equity or pursuant to any other agreement between the Debtor and the Bank that may be in effect from time to time.

XI Appointment of Attorney

11.1 The Debtor hereby irrevocably appoints the Bank or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Bank or the Receiver, as the case may be, pursuant to this General Security Agreement.

XII Liability of Bank

12.1 The Bank shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Bank shall manage the Collateral upon entry of the business of the Debtor, as herein provided, nor shall the Bank be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss or realization or for any default or omission for which a mortgagee in possession may be liable.

12.2 The Bank shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Bank, in the case of Securities, Instruments or Chattel Paper, be obliged to reserve rights against other persons, nor shall the Bank be obliged to keep any of the Collateral identifiable.

12.3 The Bank shall not be obliged to inquire into the right of any person purporting to be entitled under the PPSA to information and materials from the Bank by making a demand upon the Bank for such information and materials and the Bank shall be entitled to comply with such demand and shall not be liable for having complied with such demand notwithstanding that such person may in fact not be entitled to make such demand.

12.4 The Debtor will indemnify the Bank and hold the Bank harmless from and against any and all claims, costs, losses, demands, actions,

causes of action, lawsuits, damages, penalties, judgments and liabilities of whatsoever nature and kind in connection with or arising out of any representation or warranty given by the Debtor, being untrue, the breach of any term, condition, proviso, agreement or covenant to the Bank, or the exercise of any of the rights and or remedies of the Bank, or any transaction contemplated in this General Security Agreement.

- 12.5 The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Bank than provided in this General Security Agreement.
- 12.6 The Debtor shall indemnify, reimburse and save harmless the Bank, any receiver, its directors, officers, employees, agents, and successors and assigns, from any and all liabilities, actions, damages, claims, losses, costs and expenses whatsoever (including without limitation, the full amount of all legal fees, costs, charges and expenses and the cost of removal, treatment, storage and disposal of any Hazardous Materials and remediation of the Business Premises) which may be paid, incurred or asserted against the Secured Party for, with respect to or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Business Premises or into or upon any other land, the atmosphere or any watercourse, body of water or wetland of any Hazardous Materials.
- 12.7 Any amount owing by the Debtor hereunder shall, from the date of disbursement until the date the recipient receives reimbursement, be deemed advanced to the Debtor by the Bank, shall be deemed to be Obligations and shall bear interest at the highest rate per annum from time to time charged by the Bank on any of the other Obligations until paid.
- 12.8 The Debtor agrees that the indemnity obligations hereunder shall survive the release of the security of this General Security Agreement and the payment and satisfaction of the indebtedness and liabilities hereby secured, but only insofar as such indemnity obligations relate to liabilities, actions, damages, claims, losses, costs and expenses arising in connection with Hazardous Material that were on the Business Premises prior to such release, payment and satisfaction.

XIII Appropriation of Payments and Offset

- 13.1 Subject to any applicable provisions of the PPSA, any and all payments made in respect of the Obligations from time to time and monies realized from any security held therefor (including monies collected in accordance with or realized on any enforcement of this General Security Agreement) may be applied to such part or parts of the Obligations as the Bank may see fit, and the Bank may at all times and from time to time change any appropriation as the Bank may see fit or, at the option of the Bank, such payments and monies may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or to the rights of the Bank hereunder.
- 13.2 Without limiting any other right of the Bank, whenever any of the Obligations is immediately due and payable or the Bank has the right to declare any of the Obligations to be immediately due and payable (whether or not it has so declared), the Bank may, in its sole discretion, set off against any of the Obligations any and all monies then owed to the Debtor by the Bank in any capacity, whether or not due and to do so even though any charge therefor is made or entered on the Bank's records subsequent thereto, and the Bank shall be deemed to have exercised such right to set off immediately at the time of making its decision.

XIV Liability to Advance, Etc.

- 14.1 Except to the extent that the Bank:
 - 14.1.1 by accepting bills of exchange drawn on it by the Debtor; or
 - 14.1.2 by issuing letters of credit or letters of guarantee on the application of the Debtor;is required to advance monies on the maturity of such bills or pursuant to such letters of credit or letters of guarantee, as the case may be, none of the preparation, execution, perfection and registration of this General Security Agreement or the advance of any monies shall bind the Bank to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Bank or extend any term for performance or satisfaction of any obligation of the Debtor to the Bank.
- 14.2 Nothing herein contained shall in any way oblige the Bank to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Obligations or any of them.

XV Waiver

- 15.1 No delay or omission by the Bank in exercising any right or remedy hereunder or with respect to any of the Obligations shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy.
- 15.2 The Bank may from time to time and at any time waive in whole or in part any right, benefit or default under any clause of this General Security Agreement but any such waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be.

XVI Extensions

- 16.1 The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security, and otherwise deal with the Debtor,

Account Debtors of the Debtor, sureties and others and with the Collateral and other security as the Bank may see fit without prejudice to the liability of the Debtor or the Bank's right to hold and realize on the security constituted by this General Security Agreement.

XVII Assignment

- 17.1 The Bank may, without further notice to the Debtor, at any time mortgage, charge, assign, transfer or grant a security interest in this General Security Agreement and the security constituted hereby.
- 17.2 The Debtor expressly agrees that the assignee, transferee or secured party of the Bank, as the case may be, shall have all of the Bank's rights and remedies under this General Security Agreement and the Debtor will not assert any defence, counterclaim, right of set-off or otherwise any claim which it now has or hereafter acquires against the Bank in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

XVIII Satisfaction and Discharge

- 18.1 Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Bank, shall be deemed not to be redemption or discharge of the security constituted by this General Security Agreement.
- 18.2 The Debtor shall be entitled to a release and discharge of the security constituted by this General Security Agreement upon full payment, performance and satisfaction of all Obligations, or the securing of the Obligations to the satisfaction of the Bank, and upon written request by the Debtor and payment to the Bank of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Bank in connection with the Obligations and such release and discharge.

XIX No Merger

- 19.1 This General Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security in any form held or which may hereafter be held by the Bank from the Debtor or from any other person whomsoever.
- 19.2 The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the terms, conditions, covenants, agreements or provisos contained in this General Security Agreement.
- 19.3 The release and discharge of the security constituted by this General Security Agreement by the Bank shall not operate as a release or discharge of any right of the Bank to be indemnified and held harmless by the Debtor pursuant to clause 12.4 hereof or of any other right of the Bank against the Debtor arising under this General Security Agreement prior to such release and discharge.

XX Interpretation

- 20.1 In this General Security Agreement:
 - 20.1.1 the invalidity or unenforceability of the whole or any part of any clause shall not affect the validity or enforceability of any other clause or the remainder of such clause;
 - 20.1.2 the headings have been inserted for reference only and shall not define, limit, alter or enlarge the meaning of any provision of this General Security Agreement; and
 - 20.1.3 when the context so requires, the singular shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

XXI Notice

- 21.1 Whenever either the Bank or the Debtor is required or entitled to notify or direct the other or to make a demand upon or request of the other relating to the Collateral, this General Security Agreement or the PPSA, such notice, direction, demand or request shall be sufficiently given if given in writing and delivered to the party for whom it is intended at the address of such party herein or as changed pursuant hereto or if sent by prepaid registered mail addressed to the party for whom it is intended at the address of such party herein set forth or as changed pursuant hereto.
- 21.2 Either the Bank or the Debtor may notify the other in accordance herewith of any change in its principal address to be used for the purposes hereof.

XXII Variation

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

XXIII Enurement

- 23.1 This General Security Agreement shall enure to the benefit of the Bank and its successors and assigns and shall be binding upon the respective heirs, executors, personal representatives, successors and permitted assigns of the Debtor.

XXIV Copy of Agreement and Financing Statement

24.1 The Debtor hereby:

24.1.1 acknowledges receiving a copy of this General Security Agreement; and

24.1.2 waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this General Security Agreement.

XXV Governing Law

25.1 This General Security Agreement shall be governed by and construed in accordance with the laws of the Province.

25.2 For the purpose of legal proceedings this General Security Agreement shall be deemed to have been made in the Province and to be performed there and the courts of the Province shall have jurisdiction over all disputes which may arise under this General Security Agreement and the Debtor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts, provided always that nothing herein contained shall prevent the Bank from proceeding at its election against the Debtor in the courts of any other Province, country or jurisdiction.

In Witness Whereof the Debtor has executed this General Security Agreement as of the day and year first above written.

FOR BRITISH COLUMBIA

(For Corporation) - *Witness*

Matthew Peters
Officer Signature

MATTHEW D. PETERS
Barrister & Solicitor
1300 - 777 DUNSMUIR STREET
VANCOUVER, B.C. V7Y 1K2
Occupation

(For Individual)

Officer Signature

Name

Address

Occupation

Execution Date

01/05/01

Debtor's Signature

G3 GENUINE GUIDE GEAR IN
by its authorized signatory(ies)

Olin STEFF
Signature
Olin Steffen
Name
president
Title

Signature

Name

Title

Officer Certification:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B. 1979, c. 116, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

FOR ALBERTA AND NEW BRUNSWICK

(For Corporation)

Name of Corporation

Per: _____
Signature

Debtor's Signature

Name

Name

Title

Per:

Signature

Name

Title

(For Individual)

Signature of Witness

Name

Address

Occupation



c/s

Debtor's Signature

Signature of Debtor

Name

Additional Covenants Schedule

Additional Covenants of the Debtor under Clause 4.1.15

Location Schedule

Address(es) of Location of the Collateral

Encumbrance Schedule

Prior Encumbrances:

This is Exhibit "F" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.

A handwritten signature in black ink, appearing to read "Mark Deary", written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

SECURITY OVER CASH, CREDIT BALANCES AND DEPOSIT INSTRUMENTS BY CUSTOMER
(All Provinces Except Quebec)

To: **HSBC Bank Canada**

1577 LONSDALE AVE. NORTH VANCOUVER, B.C. V7M 2J2

Date: June 2, 2003

Branch Address

Charge

1. For valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the undersigned), the undersigned hereby lodges and pledges in favour of **HSBC Bank Canada** (the "Bank") and grants to the Bank a fixed mortgage, charge, and a security interest in and releases to the Bank the entire right, title, claim and interest of the undersigned in and to:

~~Delete (b) and (c) for (a) (b) the principal sum, interest, and all other monies owing and payable or hereafter owing and payable to the undersigned pursuant to the security over specific deposit instrument(s) terms of the instrument or instruments (the "Instrument"), if any, described in the Schedule of Instruments set out below, and the entire right, title and interest of the undersigned in and to the Instrument;~~

~~Delete (a) and (c) for security over monies in cash collateral (b) all monies in account number(s) at the branch of the Bank set out above, including monies which the Bank has withdrawn or withdraws from any other account of the undersigned and has deposited or deposits in the said account, the Bank being hereby authorized to make such withdrawals and deposits from time to time;~~

~~Delete (a) and (b) for security over credit balances (c) all monies which are now or which may from time to time in the future stand to the credit of the undersigned in any accounts at the branch of the Bank set out above;~~ signed Oct 24/08

All of which are hereinafter collectively referred to as the "Deposits".

Obligations Secured

2. The mortgage, charge, security interest, release and pledge granted above shall be general and continuing security for payment, performance and satisfaction of each and every obligation, indebtedness and liability of the undersigned to the Bank (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof (including interest thereon) including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the undersigned be bound alone or with another or others and whether as principal or surety (all of which obligations, indebtedness and liabilities are herein collectively called the "Obligations").

Representations and Warranties

3. The undersigned represents and warrants that:
- (a) this Agreement has been duly authorized, executed and delivered by the undersigned to the Bank; and
 - (b) the Deposits are legally and beneficially owned by the undersigned free of all security interests, mortgages, liens, claims, charges and other encumbrances, save for the security constituted by this Agreement and any other security in favour of the Bank.

Dealing with Instruments and Renewals

4. The undersigned irrevocably authorizes and directs the Bank to receive the principal, interest and other monies represented by the Instrument, if any, described in the Schedule of Instruments, and, in the Bank's sole and absolute discretion, to retain or to reinvest all or part of such monies in one or more instruments of the same or similar nature on such terms as are in effect at such maturity and to receive another instrument which shall then stand in the place of and be deemed to be the Instrument; **Provided** that unless otherwise instructed by the undersigned, the Bank shall not be bound to reinvest the monies as provided above and shall not be responsible for any loss occasioned by its failure or neglect to do so. The Bank shall not be responsible for any loss whatsoever occasioned by any retention or reinvestment of the monies or acceptance of a replacement instrument as aforesaid.
5. It is understood and agreed that the security constituted by this Agreement extends to any renewals and replacements of the Deposits and all interest earned thereon and to all proceeds of any type or kind whatsoever, derived directly or indirectly from any dealing with the Deposits or proceeds arising from them.

Default

6. Unless otherwise agreed in writing by the Bank, the occurrence of any of the following events shall be a default under this Agreement:
- (a) the Obligations or any part thereof are not repaid and satisfied when the same become due;
 - (b) the undersigned breaches any term, condition, proviso, agreement or covenant with the Bank, or any representation or warranty given by the undersigned to the Bank in this Agreement, or otherwise, is untrue;
 - (c) the undersigned makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the Bankruptcy Act (Canada), the Companies' Creditors Arrangement Act (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
 - (d) there is instituted by or against the undersigned any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of the affairs of, the undersigned; or
 - (e) if the undersigned is a natural person, the undersigned dies or is declared incompetent to manage his or her affairs; or
 - (f) the undersigned ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy; or
 - (g) a receiver, receiver and manager or receiver-manager of all or any part of the Deposits or of any other property, assets or undertaking of the undersigned is appointed; or
 - (h) any execution, sequestration, extent or other process of any court becomes enforceable against the undersigned or a distress or analogous process is levied upon the Deposits or any part thereof; or
 - (i) an order is made or an effective resolution is passed for winding up the undersigned; or
 - (j) without the prior written consent of the Bank, the undersigned creates or permits to exist any encumbrance against any of the Deposits other than an encumbrance in favour of the Bank; or
 - (k) the undersigned enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person; or
 - (l) the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Deposits are or are about to be placed in jeopardy.

Enforcement

7. Upon default under this Agreement, the security constituted by this Agreement will immediately become enforceable, and to enforce and realize on the security constituted by this Agreement, the Bank may take any action permitted by law or in equity as it may deem expedient, and in particular, without limiting the generality of the foregoing, the Bank may, subject to applicable law, immediately without notice, demand for payment, or other formality, enforce and realize upon the security constituted by this Agreement as fully and effectually as if the Bank were the absolute owner of the Deposits and the Bank may retain or apply all or any portion of the Deposits against payment of the Obligations or any part of it in such amount and in any manner that the Bank, in its absolute discretion sees fit, and the Bank may apply the Deposits against the Obligations without having to seize or otherwise realize upon the Deposits.

Combination and Set-Off

8. The Bank may, at any time and without notice to the undersigned, combine or consolidate any other account of the undersigned, whether or not otherwise subject to notice, and set off the Deposits and any monies standing to the credit of such account against the Obligations.

Restriction on Withdrawal

9. Notwithstanding any other agreement to the contrary, the undersigned shall not withdraw, assign, transfer or otherwise deal with the Deposits, and the Bank shall not be required to surrender or deliver up the Deposits by reason of any partial payment on account of the Obligations and may retain the Deposits or the proceeds derived from them until the entire Obligations have been satisfied in full.

Continuing Security

10. This Agreement shall:

- (a) be in addition to and not in substitution for any other security held by the Bank;
- (b) not operate as a merger or a novation of any debt outstanding to the Bank, nor suspend the fulfillment of or affect the rights, remedies and powers of the Bank or any obligations of the undersigned or any other person to the Bank;
- (c) not be deemed to be redeemed or cancelled pro tanto or otherwise, due to any partial payment made by the undersigned on account of the Obligations or any ceasing by the undersigned to be indebted to the Bank, and this Agreement shall remain valid security for any subsequent Obligations.

Non-Exclusive Remedies, etc.

11. The remedies and rights given to the Bank in this Agreement are not intended to be exclusive. Each and every remedy and right shall be cumulative and shall be in addition to every other right or remedy given by this Agreement or now or hereafter existing at law, in equity, by statute or otherwise. In particular, without limiting the generality of the foregoing, this Agreement does not affect the rights of the Bank to any lien, claim or interest arising by operation of law. The exercise or commencement of exercise by the Bank of any one or more of such remedies or rights shall not preclude the simultaneous or later exercise by the Bank of any or all of such remedies or rights.

12. The Bank shall not be obliged to exercise any remedies which it may have against the undersigned or any other parties or against any other security it may hold before realizing on or otherwise dealing with the Deposits in whatever manner the Bank considers appropriate.

13. The Bank shall not be responsible for any failure to exercise or enforce, or for any delay in the exercise or enforcement of, any powers, rights or discretions of the Bank, or directions to the Bank, and the Bank shall be accountable only for such monies as it shall actually receive.

Dealings

14. The Bank may do all or any of the following:

- (a) grant time, renewals, extensions, indulgences, releases and discharges to;
- (b) take securities from;
- (c) abstain from taking additional security from;
- (d) abstain from perfecting securities of;
- (e) accept compositions from;
- (f) obtain judgment against; and
- (g) otherwise deal with

all persons and securities as the Bank may see fit without prejudice to the Bank's rights under this Agreement, including without limitation, the Bank's right to hold, deal with and realize on the Deposits in whatever way the Bank considers appropriate.

Severability

15. If any provision of this Agreement should be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

Miscellaneous

16. If the undersigned receives any of the Deposits, the undersigned shall receive the same in trust as depositary for and on behalf of the Bank, and shall deal with the Deposits as the Bank may direct.

17. The records of the Bank shall constitute prima facie evidence of the amount of the Deposits and of the amount of the Obligations at any time and of the undersigned being in default or of any demand having been made.

18. The Bank or any manager, acting manager or account manager of the Bank is hereby appointed as the irrevocable attorney of the undersigned with authority to do such acts, execute all documents necessary to give effect to this Agreement (on behalf of and in the name of the undersigned) and to the realization and enforcement of this Agreement by the Bank.

19. The undersigned shall pay all costs, charges and expenses including solicitors' costs, charges and expenses which may be incurred by the Bank in connection with this Agreement and its enforcement.

20. The undersigned:

- (a) acknowledges receiving a copy of this Agreement; and
- (b) waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this Agreement.

21. If this Agreement is executed by more than one party, the liability of each of the undersigned shall be joint and several with one another.

22. In this Agreement, any word importing the singular number shall include the plural, and, without restricting the generality of the foregoing, where there is more than one undersigned any reference to the undersigned refers to each and everyone of the undersigned. The headings in this Agreement are inserted for convenience only and shall not affect the construction hereof.

23. Any notice, demand or other communication under this Agreement shall be in writing and addressed to the undersigned at the last address shown on the records of the Bank.

24. This Agreement shall be binding upon the undersigned and the heirs, executors, administrators, successors and assigns of the undersigned, and shall enure to the benefit of the Bank and its successors and assigns.

25. This Agreement shall be governed by and construed in accordance with the laws of the jurisdiction where the branch of the Bank indicated above is located, and the undersigned irrevocably submits to the non-exclusive jurisdiction of the courts of such jurisdiction, but this Agreement may be enforced in the courts of any competent jurisdiction.

26. The parties hereto acknowledge that they have expressly required that this Agreement and all deeds, documents or notices relating to this Agreement be drafted in the English language. Les parties aux présentes reconnaissent qu'elles ont exigé expressément que la présente convention et tous autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.

IN WITNESS WHEREOF the undersigned has executed this Agreement as of the day and year first above written.

Schedule of Instrument(s)

Date

Cert. No.

Principal Amount

Where the Undersigned is an Individual:

Signed, Sealed and Delivered by
in the presence of:

Signature _____

Name _____

Address _____

Occupation _____

Where the Undersigned is a Corporation:

G3 GENUINE GUIDE GEAR INC.

Name of Corporation

Per: Oliver Steffen

Name: OLIVER STEFFEN

Title: PRESIDENT

Per: _____

Name: _____

Title: _____

c/s

This is Exhibit "6" referred to in the Affidavit
of **JOHN LEE**, sworn before me at Vancouver, BC, this 7
day of August, 2024.

A handwritten signature in black ink, appearing to read 'M. Brown', written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

SUBORDINATION AND STANDSTILL AGREEMENT

THIS AGREEMENT dated for reference the 16th day of June, 2017.

AMONG:

HSBC BANK CANADA, a Canadian chartered bank, having an office at 1577 Lonsdale Avenue, North Vancouver, BC V7M 2J2

(the "**Bank**")

AND:

FWCU CAPITAL CORP., a corporation under the *Business Corporations Act* of British Columbia (BC0941845) and a subsidiary of **FIRST WEST CREDIT UNION**, having an office at 6470 – 201 Street Langley, BC V2Y 2X4

("FWCU")

AND:

G3 GENUINE GUIDE GEAR INC., a company under the *Business Corporations Act* of British Columbia (BC0551993), having an office at 3771 Marine Way, Burnaby, BC V5J 5A7

(the "**Borrower**").

WHEREAS:

- A. The Borrower has established certain credit facilities (the "**Bank Credit Facilities**") with the Bank under the terms set forth in the Bank Loan Agreement, and the Borrower has granted or may in the future grant certain security to the Bank in connection therewith;
- B. The Borrower has also established certain credit facilities (the "**FWCU Credit Facilities**") with FWCU under the terms set forth in the FWCU Loan Agreement and the Borrower has granted or may in the future grant certain security to FWCU in connection therewith; and
- C. The parties hereto have agreed to enter into this Agreement in order to set out the respective priorities of the Bank Security and the FWCU Security.

IN CONSIDERATION of the mutual agreements contained in this Agreement, the parties agree as follows:

1. DEFINITIONS

In this Agreement, the terms defined in Schedule "A" shall have the meaning attributed to them therein.

2. CONSENTS

2.1 Bank

The Bank consents to and waives any breach by the Borrower of or default under the Bank Security resulting from the creation and issuance of the FWCU Security and to the incurring of the indebtedness secured thereby.

2.2 FWCU

FWCU consents to and waives any breach by the Borrower of or default under the FWCU Security resulting from the creation and issuance of the Bank Security and to the incurring of the indebtedness secured thereby.

3. SUBORDINATION

3.1 Within the Priority Principal Limit

FWCU hereby agrees that the FWCU Security, together with all right, title and interest thereunder and the liens, charges and security interests thereof, on the Bank Collateral is hereby postponed and subordinated to the Bank Security, in all respects to the extent of the Priority Principal Limit (as hereinafter defined) plus interest thereon, protective disbursements, fees and related costs and expenses which the Bank is entitled to charge under the Bank Loan Agreement and the Bank Security as of the date of this Agreement.

The "**Priority Principal Limit**" means at any time the principal amount of \$3,550,000.00, less any amount of principal that has been repaid to or cancelled by the Bank on account of the non-revolving indebtedness secured by the Bank Security.

3.2 Beyond the Priority Principal Limit

Notwithstanding the foregoing, the Bank agrees that the Bank Security, together with all right, title and interest thereunder and the liens, charges and security interests thereof, on the Bank Collateral is hereby postponed and subordinated to the FWCU Security to the extent that the principal amount secured by the Bank Security exceeds the Priority Principal Limit provided that any priority granted to FWCU pursuant to this section shall be limited to the repayment of the FWCU Credit Facilities up to the amount of the FWCU Priority Principal Limit (as hereinafter defined).

3.3 Exceptions

Notwithstanding anything contained herein to the contrary, the priorities and subordinations and postponements set forth in Section 3.1 shall not apply to:

- (a) any interest payable by the Borrower on account of the Bank Credit Facilities in excess of the interest rates provided in the Bank Loan Agreement as of the date of this Agreement plus 3.0% per annum;
- (b) any costs, charges, fees or expenses charged or incurred by the Bank which, as of the date of this Agreement, are not provided for as being recoverable under the Bank Security or the Bank Loan Agreement as of the date of this Agreement;
or

- (c) any advance or readvance made by the Bank in respect of any credit facility or loan other than the Bank Credit Facilities, to the extent that the same may at any time be secured by the Bank Security, in whole or in part.

3.4 Applicability of the Subordination

Subject to Section 3.5, the subordination and postponement contained in this Agreement shall apply in all events and circumstances regardless of:

- (a) the date of execution, attachment, registration, or perfection of any security interest held by the Bank or FWCU;
- (b) the date of any advance or advances made to the Borrower by the Bank or FWCU;
- (c) the date of default by the Borrower under any of the Bank Security and the FWCU Security or the dates of crystallization of any floating charges held by the Bank or FWCU; or
- (d) any priority granted by any principle of law or any statute, including the *Bank Act* (Canada), or any personal property security or like statute.

3.5 Exception

If any part of the Bank Security or the FWCU Security is found to be unenforceable, invalid, unregistered or unperfected against any party other than the Bank or FWCU by a court of competent jurisdiction, and all appeals from any such finding have been heard and determined, or the period for making any such appeal has expired without an appeal being made, then Sections 3.1 to 3.4 inclusive of this Agreement shall not apply to such part of the said security that is unenforceable, invalid, unregistered, or unperfected as against that party.

3.6 Proceeds

Except as provided in Sections 3.8 and 5.1 of this Agreement, any Proceeds received by the Borrower, the Bank or FWCU in respect of the collateral charged by the Bank Security shall be dealt with as though such Proceeds were paid or payable as proceeds of realization of the collateral for which they compensate, and all Proceeds received by the Borrower, FWCU, or the Bank, as the case may be, shall be held in trust by the Borrower, FWCU, or the Bank, as the case may be, for the Bank or FWCU, as applicable, in accordance with this Agreement and to that extent shall be paid over or otherwise provided to the Bank or FWCU, as applicable, forthwith upon demand. FWCU acknowledges and agrees that the Proceeds of the Borrower's Intellectual Property shall not include any money payable to the Borrower or any personal property in which the Borrower acquires an interest, in each case, as a result of an infringement or alleged infringement by a third party of the Borrower's Intellectual Property.

3.7 Access to Collateral

The Bank and FWCU shall allow each other and their respective agents access at all reasonable times to any property and assets of the Borrower upon which such other party has a charge or security interest to view the same and access to make copies of or extracts from any books of account and all records, ledgers, reports, documents and other writings relating to such property and assets, and shall permit such other party at all reasonable times to remove any property and assets of the Borrower upon which its charge or security interest has priority under this Agreement from the premises of the Borrower without interference, provided that

such other party shall promptly repair any damage caused to the premises by the removal of any such property or assets.

3.8 FWCU Collateral

The Bank hereby agrees that the Bank Security, together with all right, title and interest thereunder and the liens, charges and security interests thereof, on the FWCU Collateral is hereby postponed and subordinated to the FWCU Security, in all respects to the extent of the FWCU Priority Principal Limit (as hereinafter defined) plus interest thereon, protective disbursements, fees and related costs and expenses which FWCU is entitled to charge under the FWCU Loan Agreement and the FWCU Security as of the date of this Agreement.

The "**FWCU Priority Principal Limit**" means at any time the principal amount of \$2,200,000.00, less any amount of principal that has been repaid to or cancelled by FWCU on account of the non-revolving indebtedness secured by the FWCU Security.

Notwithstanding the foregoing, FWCU agrees that the FWCU Security, together with all right, title and interest thereunder and the liens, charges and security interests thereof, on the FWCU Collateral is hereby postponed and subordinated to the Bank Security to the extent that the principal amount secured by the FWCU Security exceeds the FWCU Priority Principal Limit.

4. COVENANTS OF THE BORROWER

4.1 Compliance with this Agreement

The Borrower hereby confirms to and agrees with the Bank and FWCU that, so long as the Borrower remain obligated or indebted to the Bank and FWCU, the Borrower shall hold its assets for the Bank and FWCU in accordance with their respective interests and priorities under this Agreement.

4.2 Release of Information

Without limiting the generality of Section 4.1, the Borrower hereby specifically consents to the giving of information and notices by the Bank and FWCU to each other as contemplated in this Agreement.

5. STANDSTILL AND PERMITTED PAYMENTS

5.1 Payments to FWCU

Notwithstanding any other provisions of this Agreement, the Bank agrees with FWCU that the Borrower may make payments of principal and interest on account of the FWCU Credit Facilities in accordance with the terms and conditions of the FWCU Loan Agreement, except that if the Bank provides written notice to FWCU confirming that:

- (a) the Borrower is in breach of its financial covenants under the Bank Loan Agreement or the Bank Security;
- (b) the making of such payment to FWCU on account of the FWCU Credit Facilities would cause a breach or Event of Default under the Bank Loan Agreement or the Bank Security;
- (c) the Bank is making a demand for the repayment of the Bank Credit Facilities; or

- (d) there has been an Event of Default under the Bank Loan Agreement or the Bank Security,

then the Borrower shall not make, and FWCU shall not accept, any repayment to FWCU as contemplated in this Section 5.1 unless and until the Bank, in its absolute discretion, notifies FWCU and the Borrower in writing that the Borrower may resume such repayments. Any payment received by FWCU in contravention of this Section 5.1 shall be received in trust for the Bank and shall be paid over to the Bank forthwith upon receipt, but no such payment shall have the effect of reducing the Bank Credit Facilities until the same is actually received by the Bank.

The parties agree that any costs or non-cash payment received by FWCU and subsequently paid over to the Bank pursuant to this Agreement shall be deemed to never have been received by FWCU or applied on account of the FWCU Credit Facilities.

5.2 Payments to the Bank

Unless and until the Bank shall receive from FWCU a written notice (the "**Default Notice**") that a default has occurred under the FWCU Loan Agreement, the Bank shall be entitled to receive and accept payments made under and pursuant to the Bank Loan Agreement. The Bank agrees with FWCU that upon and following receipt by the Bank of a Default Notice, the Bank shall:

- (a) make commercially reasonable inquiries as to the source of such payments; and
- (b) if the Bank determines that the source of any portion of such payments are Proceeds of the FWCU Collateral, hold such portion of such payments in trust for FWCU and forthwith pay same to FWCU to be applied in reduction of the FWCU Credit Facilities until the Bank receives notice from FWCU that such default has been remedied.

5.3 Standstill

Notwithstanding the occurrence of any event of default under the FWCU Security, FWCU shall not take any action against the Bank Collateral or commence any action or other proceedings under the FWCU Security or initiate any bankruptcy or insolvency proceedings against the Borrower, until the earlier of:

- (a) it has given the Bank 90 days written notice of its intention to commence realization proceedings against the Borrower;
- (b) it has the prior written consent of the Bank;
- (c) the Borrower are petitioned or assigned into bankruptcy by a party other than FWCU;
- (d) there is a stay of proceedings against the Borrower under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* or other similar legislation for the benefit of insolvent debtors; or
- (e) the Bank has commenced and not discontinued realization proceedings against the Borrower or the Bank Collateral.

5.4 Exception

Notwithstanding the provisions of Section 5.3 but subject to the provisions of Section 5.1, FWCU shall be entitled to take any action under the FWCU Security which does not amount to a realization proceeding, including:

- (a) upon the occurrence and during the continuance of a default under the FWCU Security, accelerate the time for payment of any of the monies then owing to it in accordance with the terms of the FWCU Loan Agreement and make a demand therefore;
- (b) entering the premises of the Borrower to inspect the Bank Collateral and to review, audit and copy all information relating to the Bank Collateral pursuant to the FWCU Security, provided that it does not remove or destroy any such information;
- (c) filing a proof of claim in respect of the Borrower, if a petition in bankruptcy is filed by or against any of the Borrower; and
- (d) participating in any proposal or similar proceeding under the *Companies Creditor Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Borrower in a manner not inconsistent with this Agreement.

6. GENERAL

6.1 Information

From time to time and upon request, the Bank and FWCU shall advise each other of the particulars of the indebtedness and liability of the Borrower to each, and all security held by each therefor.

6.2 Further Assurance

The Bank, FWCU and the Borrower shall from time to time do, perform, execute and deliver all acts, deeds and documents as may be necessary to give full force and effect to the intent of this Agreement, provided, however, that no consent of the Borrower shall be necessary to any amendment of the terms hereof by the Bank and FWCU unless the interests of the Borrower are directly affected thereby. FWCU appoints the Bank, or its solicitors, as FWCU's agents to make any registrations or filings as may be necessary or desirable with respect to this Agreement, including the registration of any financing change statement at the Personal Property Registry for the province of British Columbia.

6.3 Financing Statement

The Borrower waive any right it may have to require the Bank and FWCU to deliver to it a copy of the financing statement, financing change statement or verification statement resulting from a registration of the particulars of this Agreement at the Personal Property Registry for the province of British Columbia.

6.4 Notice of Demand

Prior to making any demand on the Borrower for repayment of any funds owed, the Bank or FWCU, as the case may be, shall provide each other 72 hours prior notice of such demand, provided, however, that if such party making the demand determines in good faith that any

delay in demanding payment would be prejudicial to it, then such notice need only be given at the time that demand for payment is made. Neither the Bank nor FWCU shall be liable for any accidental omission to provide notice as required pursuant to this Section 6.4.

6.5 Notice

Any notice required or permitted to be given pursuant to this Agreement shall be in writing and shall be addressed and delivered to the parties as follows:

- (a) in the case of the Bank, addressed as follows:

HSBC BANK CANADA
1577 Lonsdale Avenue
North Vancouver, BC V7M 2J2

Attention: Account Manager

Fax No: 604.903.7779

- (b) in the case of FWCU, addressed as follows:

FWCU CAPITAL CORP.,
6470 201 Street

Langley, BC V2Y 2X4

Attention: Kristi Miller

Fax No: 604.501.4261

- (c) in the case of the Borrower, addressed as follows:

G3 GENUINE GUIDE GEAR INC.
3771 Marine Way
Burnaby, BC V5J 5A7

Attention: Oliver Steffen

with a copy to:

MCCARTHY TÉTRAULT
Barristers & Solicitors
Suite 2400 - 745 Thurlow Street
Vancouver, BC V6E 0C5

Attention: Stephen Curran

Fax No: 604.622.5766

Notices may be transmitted by fax or delivered personally and in each case shall be deemed to be received on the day it is so transmitted or delivered, if that day is a business day, or otherwise on the next business day following the transmission or delivery.

6.6 Counterparts

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and shall be effective as of the reference date specified on page one of this Agreement.

6.7 Enurement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, and shall be governed by the laws of British Columbia.

6.8 Termination

This Agreement shall terminate upon the earlier of:

- (a) the payment and satisfaction in full of all monies owed by the Borrower to the Bank and the discharge of the Bank Security and any registrations described in Schedule "B" hereto;
- (b) the payment and satisfaction in full of the FWCU Credit Facilities; and
- (c) the written agreement of the Bank and FWCU to that effect.

6.9 Assignment

Neither the Bank nor FWCU shall sell, transfer, assign or otherwise deal with any of their interests in the Bank Security or the FWCU Security, as the case may be, without first obtaining from the proposed transferee, assignee or chargee an agreement whereby the proposed transferee, assignee or chargee agrees to be bound by the provisions hereof.

6.10 Extension

The Bank may grant time, renewals, extensions, releases and discharges to, accept compositions from and otherwise deal with the Borrower as the Bank may see fit, the whole without notice to FWCU and without prejudice to or in any way limiting or affecting the agreements on the part of FWCU set forth in this Agreement.

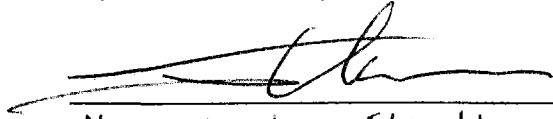
6.11 PPSA Registration Particulars

FWCU authorizes the Bank or its agents to complete Schedule "B" and Schedule "C" hereto with all appropriate PPSA registration particulars.

*[Remainder intentionally left blank.
Signature page to follow.]*

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

HSBC Bank Canada
by its authorized signatory(ies).



Name: *Jordan Chaudle*

Title: *Account Manager, Commercial Banking*



Name: *TIM MCMORRAN*

Title: *AVP, COMMERCIAL BANKING*

FWCU CAPITAL CORP.
by its authorized signatory(ies).

Name:

Title:

G3 GENUINE GUIDE GEAR INC.

Per: _____

Name: Oliver Steffen

Title: President and Director

I have the authority to bind the corporation

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

HSBC Bank Canada

by its authorized signatory(ies).

Name:

Title:

Name:

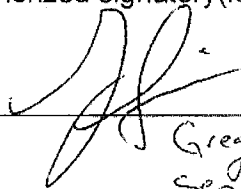
Title:

FWCU CAPITAL CORP.

by its authorized signatory(ies).

Name:

Title:


Greg Smith
Senior Associate

G3 GENUINE GUIDE GEAR INC.

Per: _____

Name: Oliver Steffen

Title: President and Director

I have the authority to bind the corporation

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

HSBC Bank Canada

by its authorized signatory(ies).

Name:

Title:

Name:

Title:

FWCU CAPITAL CORP.

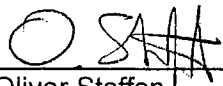
by its authorized signatory(ies).

Name:

Title:

G3 GENUINE GUIDE GEAR INC.

Per:



Name: Oliver Steffen

Title: President and Director

I have the authority to bind the corporation

SCHEDULE "A"

Unless otherwise defined in this Agreement, all terms with initial capital letters shall have the meaning ascribed to them in the PPSA.

The following terms shall have the following meanings:

- (a) **"Agreement"** means this subordination and standstill agreement, as the same may be amended, extended, renewed, restated, superseded or replaced and in effect from time to time;
- (b) **"Bank Collateral"** means all of the personal property, real property, assets, effects and undertaking of the Borrower (other than FWCU Collateral) both present and future, of whatsoever kind and wheresoever situate, and all Proceeds and renewals thereof and therefrom, accretions thereto and substitutions therefor;
- (c) **"Bank Loan Agreement"** means the facility letter from the Bank to the Borrower dated December 9, 2015, as may be amended, extended, renewed, restated, superseded or replaced and in effect from time to time;
- (d) **"Bank Security"** means each and every document, instrument or security now or at any time in the future issued or granted to or held by the Bank in connection with the Bank Loan Agreement which creates or purports to create a mortgage, charge or security interest upon or in all or any part of the Collateral, including without limiting the generality of the foregoing, the security issued or granted to or held by the Bank or which is the subject of or derives its priority from any registration as described in Schedule B hereto and any modification, extension, renewal or substitution thereof or therefor in effect from time to time;
- (e) **"Collateral"** means the Bank Collateral and the FWCU Collateral;
- (f) **"Event of Default"** means a breach of a covenant or other term or condition of the Bank Loan Agreement;
- (g) **"FWCU Collateral"** means, collectively, the FWCU Key Man Insurance and the Intellectual Property;
- (h) **"FWCU Key Man Insurance"** means the \$1,800,000.00 life insurance policy (Policy No. 8819908) over the life of Oliver Steffen assigned or to be assigned to FWCU as security for the FWCU Credit Facilities and any proceeds thereof;
- (i) **"FWCU Loan Agreement"** means loan agreement between FWCU and the Borrower dated June 16, 2017, as may be amended, extended, renewed, restated, superseded or replaced and in effect from time to time;
- (j) **"FWCU Security"** means each and every document, instrument or security now or at any time in the future issued or granted to or held by FWCU in connection with the FWCU Credit Facilities which creates or purports to create a mortgage, charge or security interest upon or in all or any part of the Collateral, including without limiting the generality of the foregoing, the security issued or granted to or held by FWCU or which is the subject of or derives its priority from any registration as described in Schedule C hereto and any modification, extension, renewal or substitution thereof or therefor in effect from time to time;

(k) **"Intellectual Property"** means all intellectual and industrial property owned or exclusively licensed by the Borrower, including all patents, industrial designs, copyrights, trademarks, trade names, trade secrets, computer software and options and rights to use any of the foregoing and, when the context permits, all registrations and applications that have been made or shall be made or filed in any office in any jurisdiction in respect of the foregoing, and all reissues, extensions and renewals thereof;

(l) **"PPSA"** means the *Personal Property Security Act* (British Columbia); and

(m) **"Proceeds"** has the same meaning as defined in the PPSA.

Except where the context may otherwise require, all references to the Bank Security, the FWCU Security, the Bank Collateral and the FWCU Collateral include where applicable in each case each or any of them separately or any part or parts thereof separately.

SCHEDULE "B"

(BANK SECURITY)

Any and all security agreements from time to time which are the subject of or derive their priority from the financing statements registered in the British Columbia Personal Property Registry as follows:

Name of Debtor(s)	Registration Date	Base Registration Numbers
HSBC Bank Canada	April 30, 2001	9428703
HSBC Bank Canada	June 3, 2003	080759B
HSBC Bank Canada	July 30, 2003	188878B
HSBC Bank Canada, Leasing Division	July 2, 2014	047661I
HSBC Bank Canada, Leasing Division	July 2, 2014	047662I
HSBC Bank Canada, Leasing Division	July 4, 2014	052549I
HSBC Bank Canada, Leasing Division	July 4, 2014	052550I
HSBC Bank Canada, Leasing Division	November 20, 2015	965701I
HSBC Bank Canada, Leasing Division	November 20, 2015	965702I
HSBC Bank Canada, Leasing Division	November 20, 2015	965708I
HSBC Bank Canada, Leasing Division	November 20, 2015	965710I
HSBC Bank Canada, Leasing Division	May 12, 2016	283383J
HSBC Bank Canada, Leasing Division	May 12, 2016	283384J

SCHEDULE "C"

(FWCU SECURITY)

Any and all security agreements from time to time which are the subject of or derive their priority from the financing statements registered in the British Columbia Personal Property Registry as follows:

Name of Debtor(s)	Registration Date	Base Registration Number
G3 Genuine Guide Gear Inc. Oliver Steffen	June 7, 2017	057720K

This is Exhibit "H" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.

A handwritten signature in black ink, appearing to read "M. D. [unclear]", written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

Business Debtor - "G3 Genuine Guide Gear Inc."

Search Date and Time: August 7, 2024 at 8:58:10 am Pacific time
Account Name: GOWLING WLG (CANADA) LLP
Folio Number: V59120

TABLE OF CONTENTS

4 Matches in 4 Registrations in Report

Exact Matches: 4 (*)

Total Search Report Pages: 14

	Base Registration	Base Registration Date	Debtor Name	Page
1	9428703	April 30, 2001	* G3 GENUINE GUIDE GEAR INC.	2
2	080759B	June 3, 2003	* G3 GENUINE GUIDE GEAR INC.	6
3	057720K	June 7, 2017	* G3 GENUINE GUIDE GEAR INC	10
4	611999N	March 22, 2022	* G3 GENUINE GUIDE GEAR INC.	13

Base Registration Number: 9428703

Registration Description:	PPSA SECURITY AGREEMENT
Act:	PERSONAL PROPERTY SECURITY ACT
Base Registration Date and Time:	April 30, 2001 at 12:59:41 pm Pacific time
Current Expiry Date and Time:	April 30, 2031 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of August 7, 2024 at 8:58:10 am Pacific time)

Secured Party Information

HSBC BANK CANADA

Address

1577 LONSDALE AVENUE
NORTH VANCOUVER BC
V7M 2J2 Canada

Debtor Information

G3 GENUINE GUIDE GEAR INC.

Address

200 DONAGHY AVENUE
NORTH VANCOUVER BC
V7P 2L5 Canada

Vehicle Collateral

Type	Year	Make/Model	Serial/VIN/DOT Number
Motor Vehicle (MV)	2000	FORD / F350	1FTSW31F0YEB48286

General Collateral

Base Registration General Collateral:

ALL OF DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY WHEREVER SITUATE INCLUDING BUT NOT LIMITED TO GOODS (INCLUDING INVENTORY AND EQUIPMENT (EQUIPMENT INCLUDES, WITHOUT LIMITATION, MACHINERY, TOOLS, APPARATUS, PLANT, FURNITURE, FIXTURES, AIRCRAFT AND VEHICLES OF WHATSOEVER NATURE AND KIND))

Original Registering Party

**LAKES STRAITH BARRISTERS &
SOLICITORS**

Address

301-145 WEST 15TH STREET
NORTH VANCOUVER BC
V7M 1R9 Canada

HISTORY

(Showing most recent first)

RENEWAL

Registration Date and Time: March 17, 2021 at 10:31:12 am Pacific time
Registration Number: 836445M
Registration Life: 10 Years
New Expiration Date and Time: April 30, 2031 at 11:59:59 pm Pacific time

Registering Party Information

D & H LIMITED PARTNERSHIP

Address

4126 NORLAND AVENUE, SUITE 201
BURNABY BC
V5G 3S8 Canada

RENEWAL

Registration Date and Time: March 29, 2011 at 12:47:58 pm Pacific time
Registration Number: 068705G
Registration Life: 10 Years
New Expiration Date and Time: April 30, 2021 at 11:59:59 pm Pacific time

Registering Party Information

D & H LIMITED PARTNERSHIP

Address

4126 NORLAND AVENUE, SUITE 201
BURNABY BC
V5G 3S8 Canada

COLLATERAL ADDITION

Registration Date and Time: July 16, 2001 at 9:36:45 am Pacific time
Registration Number: 9561728



PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Vehicle Collateral

Type	Year	Make/Model	Serial/VIN/DOT Number
Motor Vehicle (MV)	2000	FORD / F350	1FTSW31F0YEB48286
ADDED			

Registering Party Information

D & H LIMITED PARTNERSHIP

Address

4126 NORLAND AVENUE, SUITE 201
BURNABY BC
V5G 3S8 Canada

Base Registration Number: 080759B

Registration Description:	PPSA SECURITY AGREEMENT
Act:	PERSONAL PROPERTY SECURITY ACT
Base Registration Date and Time:	June 3, 2003 at 7:13:12 am Pacific time
Current Expiry Date and Time:	June 3, 2033 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of August 7, 2024 at 8:58:10 am Pacific time)

Secured Party Information

HSBC BANK CANADA

Address

1577 LONSDALE AVENUE
NORTH VANCOUVER BC
V7M 2J2 Canada

Debtor Information

G3 GENUINE GUIDE GEAR INC.

Address

200 DONAGHY AVE
NORTH VANCOUVER BC
V7P 2L5 Canada

Vehicle Collateral

None



PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

General Collateral

Base Registration General Collateral:

THE ENTIRE RIGHT, TITLE, CLAIM AND INTEREST OF THE DEBTOR IN AND TO ALL MONIES WHICH ARE NOW OR WHICH MAY FROM TIME TO TIME IN THE FUTURE STAND TO THE CREDIT OF THE DEBTOR IN ANY ACCOUNTS AT THE BRANCH OF THE SECURED PARTY LOCATED AT 1577 LONSDALE AVENUE, NORTH VANCOUVER, B.C., V7M 2J2 AND ALL PROCEEDS INCLUDING, WITHOUT LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES AND MONEY (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT, ANY REGULATIONS THEREUNDER AND ANY AMENDMENTS THERETO).

Original Registering Party

HSBC BANK CANADA

Address

1577 LONSDALE AVENUE
NORTH VANCOUVER BC
V7M 2J2 Canada

HISTORY

(Showing most recent first)

RENEWAL

Registration Date and Time: May 5, 2023 at 8:35:18 am Pacific time
Registration Number: 518215P
Registration Life: 10 Years
New Expiration Date and Time: June 3, 2033 at 11:59:59 pm Pacific time

Registering Party Information

D & H LIMITED PARTNERSHIP

Address

4126 NORLAND AVENUE, SUITE 201
BURNABY BC
V5G 3S8 Canada

RENEWAL

Registration Date and Time: May 8, 2013 at 3:42:28 pm Pacific time
Registration Number: 336263H
Registration Life: 10 Years
New Expiration Date and Time: June 3, 2023 at 11:59:59 pm Pacific time

Registering Party Information

D & H LIMITED PARTNERSHIP

Address

4126 NORLAND AVENUE, SUITE 201
BURNABY BC
V5G 3S8 Canada

RENEWAL

Registration Date and Time: May 16, 2008 at 12:44:33 pm Pacific time
Registration Number: 366067E
Registration Life: 5 Years
New Expiration Date and Time: June 3, 2013 at 11:59:59 pm Pacific time



PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Registering Party Information

D & H LIMITED PARTNERSHIP

Address

4126 NORLAND AVENUE, SUITE 201
BURNABY BC
V5G 3S8 Canada



Base Registration Number: 057720K

Registration Description:	PPSA SECURITY AGREEMENT
Act:	PERSONAL PROPERTY SECURITY ACT
Base Registration Date and Time:	June 7, 2017 at 3:05:18 pm Pacific time
Current Expiry Date and Time:	June 7, 2025 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of August 7, 2024 at 8:58:10 am Pacific time)

Secured Party Information

FWCU CAPITAL CORP

Address

6470 - 201 STREET
LANGLEY BC
V2Y 2X4 Canada

Debtor Information

G3 GENUINE GUIDE GEAR INC

Address

3771 MARINE WAY
BURNABY BC
V5J 5A7 Canada

STEFFEN, OLIVER

Address

3771 MARINE WAY
BURNABY BC
V5J 5A7 Canada

Birthdate

Vehicle Collateral

None



PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

General Collateral

Base Registration General Collateral:

ALL OF THE PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTORS AND EACH OF THEM INCLUDING WITHOUT LIMITATION FIXTURES AND CROPS, AND AN UNCRYSTALLIZED FLOATING CHARGE ON LAND (AND TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE THOSE ,DEFINED MEANINGS).

Original Registering Party

MILLER THOMSON LLP

Address

400 - 725 GRANVILLE STREET
VANCOUVER BC
V7Y 1G5 Canada

HISTORY

(Showing most recent first)

RENEWAL

Registration Date and Time: May 31, 2022 at 11:42:07 am Pacific time
Registration Number: 765802N
Registration Life: 3 Years
New Expiration Date and Time: June 7, 2025 at 11:59:59 pm Pacific time

Registering Party Information

FIRST WEST CREDIT UNION

Address

ADMINISTRATION OFFICE
#200 19933 88TH AVE.
LANGLEY BC
V2Y 4K5 Canada

Base Registration Number: 611999N

Registration Description:	PPSA SECURITY AGREEMENT
Act:	PERSONAL PROPERTY SECURITY ACT
Base Registration Date and Time:	March 22, 2022 at 9:24:57 am Pacific time
Current Expiry Date and Time:	March 22, 2027 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of August 7, 2024 at 8:58:10 am Pacific time)

Secured Party Information

MERCEDES-BENZ FINANCIAL

Address

2680 MATHESON BLVD. E. STE 500
MISSISSAUGA ON
L4W 0A5 Canada

**MERCEDES-BENZ FINANCIAL
SERVICES CANADA CORPORATION**

Address

2680 MATHESON BLVD. E. STE 500
MISSISSAUGA ON
L4W 0A5 Canada

Debtor Information

G3 GENUINE GUIDE GEAR INC.

Address

3771 MARINE WAY
BURNABY BC
V5J 5A7 Canada

Vehicle Collateral

Type	Year	Make/Model	Serial/VIN/DOT Number
Motor Vehicle (MV)	2021	Mercedes-Benz / 2C144X	W1W4EBVY3MP414243

General Collateral

Base Registration General Collateral:

All attachments, accessories, additions, alterations, replacements & repairs (whether present or future) to the vehicle collateral. Proceeds: All cash and non-cash proceeds of the vehicle collateral including without limitation proceeds derived directly or indirectly from any dealing with the vehicle collateral or that indemnifies or compensates the debtor(s) for the destruction or damage to or loss of the vehicle collateral. The proceeds may take the form of any one or more of the following: Goods, documents of title, chattel paper, instruments, money, securities or intangibles. Accordingly, any of the debtor(s)' after-acquired personal property may be proceeds and therefore subject to the secured party's security interest.

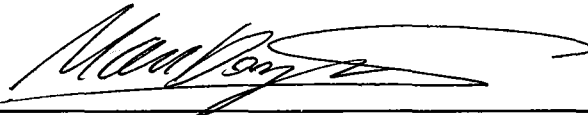
Original Registering Party

D + H LIMITED PARTNERSHIP

Address

2 ROBERT SPECK PARKWAY, 15TH FLOOR
MISSISSAUGA ON
L4Z 1H8 Canada

This is Exhibit "I" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.

A handwritten signature in black ink, appearing to read 'M. P. ...', written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

Jonathan B. Ross*
Partner

*Law-Corporation

Direct : +1 604 891 2778

Jonathan.ross@gowlingwlg.com

File no. V59120

May 9, 2024

PRIVATE AND CONFIDENTIAL

BY EMAIL AND COURIER

G3 Genuine Guide Gear Inc.
3771 Marine Way
Burnaby, BC V5J 5A7

Attention: Oliver Steffen

Email: olivers@genuineguidegear.com

Re: Royal Bank of Canada (previously HSBC Bank Canada) credit facilities extended to G3 Genuine Guide Gear Inc. (the "Borrower"), guaranteed by Oliver Steffen

We are counsel to Royal Bank of Canada (the "**Lender**").

We are writing to you in connection with the facility letter dated as of May 28, 2020, among the Borrower, as borrower, Oliver Steffen, as guarantor, and the Lender, as lender, (as modified, amended, supplemented, revised, restated, and replaced from time to time, the "**Facility Letter**").

The entire amount outstanding under the Facility Letter, including all accrued and unpaid interests, is repayable upon demand by the Lender.

According to the Lender's records, the Borrower is indebted or otherwise liable to the Lender for the amounts set out in Schedule A to this letter as of May 7, 2024 (the amount owing from time to time by the Borrower to the Lender, the "**Indebtedness**").

The Lender, hereby demands payment in full of the Indebtedness from the Borrower. Interest on the Indebtedness has accrued and will continue to accrue to the date of payment at the rate set out in the Facility Letter. The exact amount of the Indebtedness and interest which will have accrued to any date of payment shall be obtained by contacting the Lender. You will also be required to pay the Lender's legal and other expenses in connection with and which form part of the Indebtedness.

This letter constitutes a demand for payment and acceleration of payment under the terms and conditions of the Facility Letter and the terms and conditions of all security held by the Lender directly or indirectly for any of the Indebtedness, including all loan agreements, promissory notes, and other agreements governing the Indebtedness (collectively, the "**Credit Documents**"), and is made without prejudice to (a) the Lender's right to make such further and other demands as it shall see fit for any other indebtedness or under any other security, and (b) the Lender's right to provide further and other notices of default.

Unless payment or arrangements satisfactory to the Lender for payment of the Indebtedness are made by no later than **4:00 p.m. on May 21, 2024** (Pacific time), the Lender may take any further steps that it deems necessary to recover payment of the Indebtedness. The Lender expressly reserves the right to take any steps it deems advisable to protect the Lender's position prior to that date.

We also enclose notices of intention to enforce security issued by the Lender under Section 244 of the *Bankruptcy and Insolvency Act* (Canada) for the Borrower.

The Lender expressly reserves its rights and remedies with respect to any defaults that shall now exist or hereafter arise under the Facility Letter and the other Credit Documents.

Yours truly,

GOWLING WLG (CANADA) LLP



Jonathan B. Ross*

JBR/md
Encls.

SCHEDULE A
Amount of Indebtedness Owing as of May 7, 2024

<u>Credit Facilities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Operating Loan	CAD\$2,538,797.03	CAD\$4,036.03	CAD\$2,542,833.06
Mastercard			CAD\$29,160.24
Mastercard			USD\$4,887.84

BANKRUPTCY AND INSOLVENCY ACT

FORM 86

Notice of Intention to Enforce Security
(Rule 124)

TO: G3 Genuine Guide Gear Inc., an insolvent person

Take notice that:

1. **Royal Bank of Canada**, a secured creditor, intends to enforce its security against the following property of the insolvent persons listed above:

All of the property, assets, and undertaking charged by the security described in paragraph 2 of this Notice.

2. The security that is to be enforced is in the form of:

See Schedule "A".

3. The total amount of indebtedness secured by the security as of May 7, 2024 is:

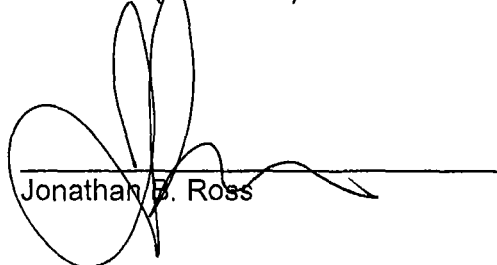
See Schedule "B".

4. The secured creditor will not have the right to enforce the security until after the expiration of the ten (10) day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver this 9th day of May, 2024

**ROYAL BANK OF CANADA BY ITS COUNSEL
GOWLING WLG (CANADA) LLP**

Per:



Jonathan B. Ross

SCHEDULE "A"**SECURITY DOCUMENTS**

1. General Security Agreement executed by G3 Genuine Guide Gear Inc. dated as of May 1, 2001;
2. Assignment of Insurance executed by G3 Genuine Guide Gear Inc.;
3. Agreement as to security over cash, credit balances and deposit instruments executed by G3 Genuine Guide Gear Inc. dated as of June 2, 2003; and
4. All other security granted to Royal Bank of Canada and not otherwise listed above.

SCHEDULE "B"

Amount of Indebtedness Owing as of May 7, 2024

<u>Credit Facilities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Operating Loan	CAD\$2,538,797.03	CAD\$4,036.03	CAD\$2,542,833.06
Mastercard			CAD\$29,160.24
Mastercard			USD\$4,887.84

This is Exhibit "J" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.

A handwritten signature in black ink, appearing to read 'M. [unclear]', written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT dated for reference the 14th day of June 2024.

BETWEEN:

G3 GENUINE GUIDE GEAR INC.;

(the "**Borrower**");

OLIVER STEFFEN (ALSO KNOWN AS OLIVER STEFFAN);

(the "**Guarantor**", together with the Borrower, the "**Debtor Parties**"; and

AND:

ROYAL BANK OF CANADA

(**"RBC"**)

(collectively, the Debtor Parties and RBC are the "**Parties**", and each a "**Party**")

WHEREAS:

- A. The Debtor Parties have certain business relations with RBC (the "**Business Relationship**").
- B. Under and pursuant to the Business Relationship, RBC established and provided certain credit facilities to the Borrower under the terms of a facility letter dated as of May 28, 2020, as amended by a facility letter dated as of May 31, 2023, (collectively, as may be further amended, restated, supplemented and / or modified from time to time the "**Facility Letter**").
- C. Pursuant to a subordination and standstill agreement dated as of June 16, 2017 (the "**Subordination Agreement**"¹), RBC, and FWCU Capital Corp. ("**FWCU**") established the respective priorities of the Bank Collateral and the FWCU Collateral. Under the Subordination Agreement, RBC has priority over FWCU for the Bank Collateral, to the principal amount of \$3,550,000. The terms of the Subordination Agreement provide that FWCU has priority over RBC over the FWCU Collateral, to the principal amount of \$2,200,000.
- D. The aggregate indebtedness owing by the Debtor Parties to RBC pursuant the Facility Letter as of June 14, 2024, is in the approximate amount of CAD\$2,434,002.45 plus

¹ Capitalized terms not otherwise defined in this section have the meanings ascribed to them in the Subordination Agreement.

interest in the amount of \$6,825.88 pursuant the Operating Loan Facility (as described in the Facility Letter), plus legal fees accrued to date and interest from and after June 14, 2024 at the rate set out in the Facility Letter (the amount owing from time-to-time, the "**Indebtedness**"). The Indebtedness has not been repaid and interest, fees and costs continue to accrue.

- E. Repayment of the Indebtedness is secured by the security agreements, guarantee and other agreements set out in **Schedule "A"** hereto (the "**Security**"). All security or guarantees now or hereafter held by RBC in respect of the Facility Letter, including but not limited to the Security listed in **Schedule "A"** are collectively referred to as the "**Security Documents**".
- F. On May 9, 2024, RBC made demand of the Debtor Parties for the full amount outstanding under the Facility Letter and Security Documents, as the case may be, including delivering notices pursuant to Section 244 of the *Bankruptcy and Insolvency Act* to the Debtor Parties. The Indebtedness is immediately due and owing.
- G. The Guarantor is, pursuant to the terms of a guarantee dated May 17, 2013, described in Schedule "A" hereto, indebted to RBC for all existing and future indebtedness of the Borrower to RBC and such Indebtedness is currently due and owing.
- H. By a mortgage and assignment of rents in the amount of \$2,500,000, which was registered in the Land Title Office under registration numbers CA5992060 and CA5992061, the Guarantor, mortgaged the following land to RBC to secure the repayment of the Guarantee (the "**Land**"):

Parcel Identifier: 007-782-209

LOT 12 BLOCKS D AND J DISTRICT LOT 471 PLAN 14936

- I. The Borrower is in default under the terms of the Facility Letter and the Security Documents (the "**Existing Default**") due to the failure to pay amounts to RBC on demand.
- J. RBC is entitled to immediately take all steps available to it under the law against the Borrower to enforce, as applicable, the Security Documents and the Facility Letter, without further notice or demand, including, among other things, appointing a Receiver or Receiver-Manager.
- K. Subject to the terms of the Subordination Agreement, RBC is entitled to immediately take all steps available to it under the law against the Guarantor to enforce the Security Documents and the Facility Letter, without further notice or demand.
- L. The Debtor Parties have requested that RBC provide a period of forbearance from taking further enforcement steps to recover the Indebtedness or enforce the Security, on the terms and conditions set out herein, in order that the Debtor Parties may have a reasonable time to repay the Indebtedness in full, or reach agreement with RBC for further forbearance, or any other alternate arrangement, satisfactory to RBC in its sole and absolute discretion.

- M. RBC has acceded to that request and will provide the Debtor Parties with a reasonable period to July 19, 2024 before taking further enforcement steps (the "**Forbearance Period**"), subject to the terms of this Forbearance Agreement.

WITNESSES THAT for consideration, the Parties hereto agree to the following terms and conditions:

ACKNOWLEDGEMENT

1. Each of the Debtor Parties acknowledges, agrees and represents that each of the foregoing recitals to this Forbearance Agreement are incorporated into and form an integral part of this Forbearance Agreement and are true and accurate in every respect. Each of the Debtor Parties explicitly acknowledges their liability for the Indebtedness and receipt of the Demands.
2. The Parties acknowledge and agree that:
 - (a) The Operating Loan Facility, as defined in the Facility Letter, shall be capped at CAD\$2,516,000, and will be permitted to revolve only below that limit, subject to paragraph 5 below and subject to the margin requirements under the Facility Letter which remain in place for all purposes;
 - (b) Subject to subparagraph 2(a), RBC shall not be obliged to provide any further monies or other accommodations to the Debtor Parties or any of them under the Facility Letter; and
 - (c) all obligations of the Debtor Parties under the Facility Letter and the Security Documents, each as amended, including each and every one of the Debtor Parties' obligations therein, remain in full force and effect, are binding upon each of them and must be performed in accordance with the terms of each agreement as may be amended from time to time, except as modified by this Forbearance Agreement.

CONDITIONS PRECEDENT

3. The forbearance and other accommodations granted by RBC under this Agreement are subject to RBC being in receipt of a duly authorized, executed and delivered copy of this Forbearance Agreement executed by each of the Debtor Parties by no later than 5:00 P.M. Pacific Time on June 18, 2024.

TERMS AND CONDITIONS

4. Subject to RBC being satisfied, in its sole discretion, as to the Debtor Parties' compliance with the conditions precedent set out above in paragraph 3 of this Forbearance Agreement RBC agrees and covenants that, provided that no Event of Default (as defined below) occurs, RBC will not take any further steps to enforce the Security until the expiry of the Forbearance Period on July 19, 2024.
5. During the pendency of the Forbearance Period all monies collected by the Borrower from sale or collection of RBC Bank Collateral, other than inventory sold in the ordinary course of business, shall be immediately used to repay the Indebtedness, and any such

repayment will reduce the cap on the Operating Loan Facility by the amount of such payment.

6. The Borrower agrees and covenants that any of the monies received from it by RBC will be used to repay any of the amount owing under the Indebtedness.
7. Each of the Debtor Parties agrees and covenants that it will continue to provide to RBC all reporting as and when required pursuant to the Facility Letter and the Security Documents.
8. Each of the Debtor Parties agrees and covenants that it will notify RBC of:
 - (a) the pronouncement of final judgments totaling an amount in excess of \$10,000 against it within 5 days of the pronouncement thereof; and
 - (b) any demand made by any creditor or encumbrancer for an amount in excess of \$10,000 within 5 days of the delivery thereof.
9. Each of the Debtor Parties agrees and covenants that it will not, without the prior written consent of RBC, directly or indirectly, sell, or otherwise alienate or encumber any of the RBC Bank Collateral, for any reason other than the immediate payment of all proceeds to RBC in reduction of the Indebtedness.
10. Each of the Debtor Parties acknowledges and agrees that, where necessary or appropriate, each Security Document has been registered in the appropriate public office or registry in order to preserve its validity and enforceability.
11. Each of the Debtor Parties acknowledges and agrees that the Forbearance Period is reasonable in the circumstances.
12. Each of the Debtor Parties acknowledges and agrees that immediately upon the expiry of the Forbearance Period, RBC will be at liberty to pursue immediate seizure and sale of any of the RBC Bank Collateral charged by the Security.
13. Each of the Debtor Parties covenants and agrees that none of them will, nor will anyone on their behalf, seek any relief under the *Bankruptcy & Insolvency Act*, *Companies Creditors' Arrangement Act*, *Winding-up Act*, the *Personal Property Security Act*, or any other similar statute that could affect the rights of creditors.
14. Each of the Debtor Parties covenants and agrees that all reasonable and documented fees and disbursements paid by RBC to its lawyers (on the basis of complete indemnification on a solicitor and its own client basis) in connection with advising RBC in relation to the affairs of the Borrower under the Business Relationship, the Facility Letter, the Indebtedness, the Security, the Security Documents, this Forbearance Agreement and all matters incidental or relating thereto, including enforcement of same, and whether past, present or future, shall be added to the amount owing and included in the Indebtedness and that those legal costs shall bear interest at the highest rate applicable to any of the Indebtedness and shall be secured by the Security and Security Documents.

15. Each of the Debtor Parties acknowledges and agrees that the Security and each Security Document is in full force and effect and is valid and enforceable against each of the Debtor Parties as the case may be.
16. Each of the Debtor Parties acknowledges and agrees that in the event that an alternative arrangement, satisfactory to RBC in its sole discretion is not made on or before the last day of the Forbearance Period, or if there is an Event of Default under this Forbearance Agreement, RBC shall be entitled to immediately seek the appointment of a Receiver or Receiver-Manager over the Bank Collateral and may commence foreclosure proceedings over the Land, each of which the Borrower hereby irrevocably consents to.

RELEASE AND WAIVERS

17. Each of the Debtor Parties acknowledges and confirms the Indebtedness as set forth in Recital D as guaranteed by the guarantee described in Recital G and each of the Debtor Parties waive any rights which it may have as at the date of this Forbearance Agreement to claim any abatement or offset of the amount of the Indebtedness for which they are liable, whether arising by way of defence or counterclaim.
18. Each of the Debtor Parties hereby releases and forever discharges RBC, and each of its successors and assigns of and from any and all manner of actions, causes of action, suits, contracts, claims, demands, damages, costs and expenses of any nature or kind whatsoever, whether known or unknown, suspected or unsuspected whether at law or in equity, which any of the Debtor Parties ever had or now have or which they or their heirs, executors, administrators, officers, agents, successors and assigns hereafter can, shall or may have by reason of any cause, matter or thing whatsoever existing up to the present time and relating to the Business Relationship, the Facility Letter, the Indebtedness, the Security, the Security Documents, or RBC's actions, errors or omissions with regard thereto.
19. Each of the Debtor Parties waives against RBC, and its successors and assigns, any defence which they may have existing up to the present time in any action brought by RBC to collect the Indebtedness or any portion thereof or to enforce or realize upon the Security or any of the Security Documents, whether said defence arises, whether by counterclaim or defence, by reason of any cause, matter, error, omission, neglect or thing caused or done, whether direct or indirect, by RBC, or any of its executors, administrators, officers, agents, legal counsel, successors or assigns existing as at the date of this Forbearance Agreement and relating to or arising from the Business Relationship, the Facility Letter, the Indebtedness, the Security, or the Security Documents.
20. RBC may, at its option and in its sole discretion, waive any default hereunder, but such waiver shall not constitute a waiver of any subsequent event which would constitute default herein.

TERMINATING EVENTS

21. It shall be an "Event of Default" under this Forbearance Agreement if:
 - (a) the Debtor Parties or any of them fail to duly perform any covenant or obligation required of them contained herein;

- (b) the Debtor Parties or any of them fail to duly perform any covenant or obligation required of them contained in the Facility Letter, the Security or any of the Security Documents, other than the Existing Default;
- (c) any of the Debtor Parties fail to notify RBC of the pronouncement of final judgments totalling an amount in excess of \$10,000 against it within 5 days of the pronouncement thereof;
- (d) any of the Debtor Parties fail to notify RBC of demand made by any creditor or encumbrancer for an amount in excess of \$10,000 within 5 days of the delivery thereof;
- (e) any of the Debtor Parties fail to notify RBC if any encumbrancer or creditor takes possession of, or commences proceedings or takes steps to realize upon, any property or asset of any of them including a distress, execution, foreclosure, forfeiture or any similar process levied or enforced there against any asset with a fair market value in excess of \$10,000;
- (f) any of the Debtor Parties fail to notify RBC if any encumbrancer or creditor attempts to take possession of, or commences proceedings or takes steps to enforce upon, any property or asset that is charged by the Security including a distress, execution, forfeiture or any similar process levied or enforced there against any asset charged by the Security;
- (g) the Borrower, without the prior written consent of RBC, passes a resolution or institutes proceedings for its winding-up, liquidation or dissolution or consents to the institution or filing of any petition or proceedings with respect thereto;
- (h) any of the Debtor Parties, without the prior written consent of RBC:
 - (i) commences a proceeding seeking reorganization, readjustment, rearrangement, restructuring, composition or similar relief under any law of Canada or the United States of America, or other applicable law; or
 - (ii) consents to the filing of any such Petition or commencement of such proceeding or to the appointment of a receiver, receiver-manager, liquidator, trustee or similar officer (referred to herein as an "Official") over any of its property;
- (i) any application is made or proceeding commenced with respect to the Borrower seeking reorganization, readjustment, rearrangement, restructuring, composition or similar relief under any applicable Canadian, American or other law, or if a step is taken or proceeding is instituted for its winding-up, liquidation or dissolution or seeking an order adjudging it an insolvent or seeking the appointment of an Official over any part of its property and if such appointment, proceeding is not removed, dismissed, stayed or withdrawn within 10 days after having notice or knowledge of the institution thereof;
- (j) any of the Debtor Parties commits an act of bankruptcy as defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, provided that delaying

payments in the ordinary course of business shall not be considered an act of bankruptcy;

- (k) without the prior written consent of RBC, any the Borrower effects or passes a resolution authorizing any consolidation, merger or amalgamation with any other entity or disposition of all or a substantial portion of its assets;
 - (l) there occurs any change in the ownership or control of any of the Borrower without the prior written consent of RBC;
 - (m) during the Forbearance Period, RBC discovers any material fact which, in the sole and absolute judgment of RBC, materially impairs the financial condition of any of the Debtor Parties, or the value of the Security or any Security Document or the undertaking, property or assets charged by the Security or any Security Document; or
 - (n) during the Forbearance Period, without the written consent of RBC, there occurs, in the sole and absolute judgment of RBC, any material adverse change in the financial condition of any of the Debtor Parties or the value of the Security or any Security Document or the undertaking, property or assets charged by the Security or any Security Document.
22. Each of the Debtor Parties covenants and agrees that, if there is an Event of Default under this Forbearance Agreement, RBC shall have the immediate right to commence legal proceedings for the recovery of the Indebtedness and/or to enforce the Security and Security Documents, and the Debtor Parties, and each of them, consent to the immediate appointment by RBC or on RBC's application, at its discretion, of an Agent, Receiver or Receiver-Manager, to enforce the Security and any Security Document.

OTHER PROVISIONS

23. No amendment, discharge, modification, restatement, supplement, termination or waiver of this Forbearance Agreement or any portion of this Forbearance Agreement is binding unless it is in writing and executed by the party to be bound. No waiver of, failure to exercise or delay in exercising, any portion of this Forbearance Agreement constitutes a waiver of any other portion (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.
24. Each provision of this Forbearance Agreement is distinct and severable. If any provision of this Forbearance Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction by a court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Forbearance Agreement; or the legality, validity or enforceability of that provision in any other jurisdiction.
25. Any notice to be given to any party hereunder shall be given by delivery to the respective party at the address hereinafter set forth:
- (a) If to RBC:

Royal Bank of Canada

1025 W Georgia St.
Vancouver, BC V6E 3N9

Attention: John Lee
E-mail: john.kw.lee@rbc.com

with a copy to

Gowling WLG (Canada) LLP
Bentall 5, 550 Burrard Street, 23rd Floor
Vancouver, BC V6C 2B5

Attention: Jonathan Ross
E-mail: jonathan.ross@gowlingwlg.com

(b) If to the Borrower

G3 Genuine Guide Gear
3771 Marine Way
Burnaby, BC V5J 5A7
Attention: Oliver Steffen
E-mail: olivers@genuineguidegear.com

with a copy to

DuMoulin Boskovich LLP
Suite 1301 Nelson Square
808 Nelson Street
Vancouver, BC V6Z 2H2

Attention: Kenneth R. Burgess
Email: kburgess@dubo.com

(c) If to the Guarantor

Oliver Steffen
Marine Way
Burnaby, BC V5J 5A7
Attention: Oliver Steffen
E-mail: olivers@genuineguidegear.com

26. In this Forbearance Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "including" or "includes" in this Forbearance Agreement is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.
27. This Forbearance Agreement shall be governed by the law of the Province of British Columbia and the Courts of the Province of British Columbia, sitting in Vancouver, shall have exclusive jurisdiction with respect to any disputes arising hereunder or pursuant hereto.

28. The Debtor Parties and each of them covenant and agree that this Forbearance Agreement shall in all respects be binding upon themselves, their respective heirs, executors, administrators, successors and assigns upon execution and delivery of this Forbearance Agreement or any counterpart thereof.
29. If there is any inconsistency between this Forbearance Agreement and any other agreement among any of the Debtor Parties and RBC concerning the Indebtedness, the provisions of this Forbearance Agreement shall prevail.
30. Time is of the essence of this Forbearance Agreement.
31. This Forbearance Agreement may be executed in two or more counterparts and all such executed counterparts shall constitute one and the same document. All such counterparts may be delivered by fax or any electronic form.
32. The Debtor Parties represent that they have each received independent legal advice prior to execution of this Forbearance Agreement.

Each of the parties has executed and delivered this Forbearance Agreement as of the date noted at the beginning of this Forbearance Agreement.

ACCEPTED ACKNOWLEDGED AND AGREED TO BY:

ROYAL BANK OF CANADA

Per: John Lee
Name: John Lee
Title: Senior Lead Credit Adjudication Special Loans
I have authority to bind the Royal Bank of Canada

Date: June 18, 2024

G3 GENUINE GUIDE GEAR INC.

Per: O. Steffen
Name: Oliver Steffen
Title: President
I/We have authority to bind the Corporation

Date: June 18/24

O. Steffen
OLIVER STEFFEN (ALSO KNOWN AS
OLIVER STEFFAN)

Amit Dhaumya
WITNESS
Name: AMIT DHAUMYA,
CONTROLLER,
G3

SCHEDULE A

SECURITY

Security granted by the Debtor Parties:

1. General Security Agreement executed by G3 Genuine Guide Gear Inc. dated as of May 1, 2001;
2. Assignment of Insurance executed by G3 Genuine Guide Gear Inc.;
3. Agreement as to security over cash, credit balances and deposit instruments executed by G3 Genuine Guide Gear Inc. dated as of June 2, 2003;
4. Mortgage registered in the Vancouver Land Title Office under registration no. CA5992060 executed by Oliver Steffen;
5. Guarantee agreement executed by Oliver Steffen dated as of May 17, 2013;
6. Assignment and Postponement agreement executed by Oliver Steffen dated as of May 1, 2001;
7. Assignment of key man insurance executed by Oliver Steffen; and
8. All other security granted to Royal Bank of Canada and not otherwise listed above.

This is Exhibit "k" referred to in the Affidavit of **JOHN LEE**, sworn before me at Vancouver, BC, this 7 day of August, 2024.

A handwritten signature in black ink, appearing to read 'M. D. S.', written over a horizontal line.

A Commissioner for taking Affidavits in British Columbia

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF

G3 GENUINE GUIDE GEAR INC.


CONSENT TO ACT AS RECEIVER

DELOITTE RESTRUCTURING INC., a Licensed Insolvency Trustee, HEREBY
CONSENTS to act as the Receiver or Receiver-Manager of G3 Genuine Guide
Gear Inc., in accordance with an order substantially in the form of the receivership
order sought by Royal Bank of Canada.

DELOITTE RESTRUCTURING INC.

August 7, 2024

Dated



Authorized Signatory

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE RECEIVERSHIP OF
G3 GENUINE GUIDE GEAR INC.

AFFIDAVIT

GOWLING (WLG) CANADA LLP
Suite 2300, 550 Burrard Street
Vancouver, BC V6C 2B5
Tel. 604.683-6498 Fax 604.683.3558

Attention : Jonathan B. Ross

File No. V59120

JBR/MD/msh