VANCOUVER
JUL 16 2026
REGISTRY

This is the 1st affidavit of
Raymond Pai in this case and was
made on July 16, 2026

No. S 265325
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

NATIONAL BANK OF CANADA

PETITIONER

AND

LABTEST CERTIFICATION INC., LABTEST CERTIFICATION ONTARIO INC., 2842878 ONTARIO INC., GOSHU PRODUCTS/SERVICES INC., KAVINDER SINGH DHILLON, AND MUANALYSIS INC.

RESPONDENTS

AFFIDAVIT

I, Raymond Pai, of Calgary, in the Province of Alberta, senior director, SWEAR THAT:

1. I am the Senior Director, Special Loans at the National Bank of Canada (the "**Bank**"), the petitioner in this proceeding, and as such I have personal knowledge of the matters deposed to in this Affidavit, except where I depose to a matter based on information from an informant I identify, in which case I believe that both the information from the informant and the resulting statement are true.

2. This affidavit is made in support of the order sought by the Bank in its petition filed in this proceeding that, among other things:

(A) Deloitte Restructuring Inc. ("**Deloitte**") be appointed as receiver (the "**Receiver**") of the property, assets, and undertakings of Labtest Certification Inc. ("**Labtest**"), Labtest Certification Ontario Inc. ("**Labtest Ontario**"), 2842878 Ontario Inc. ("**284 Ontario**"), and Goshu Products/Services Inc. ("**Goshu**", and together with Labtest, Labtest Ontario, and

284 Ontario, the "**Company**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and section 39 of the *Law and Equity Act* (British Columbia);

(B) judgment be granted in favour of the Bank against the Company, Kavinder Singh Dhillon ("**Mr. Dhillon**") and MuAnalysis Inc. ("**MuAnalysis**", and together with Mr. Dhillon, Labtest, Labtest Ontario, 284 Ontario, and Goshu, the "**Guarantors**"); and

(C) certain security granted by the Company and the Guarantors in favour of the Bank is valid, enforceable, and constitutes a first charge on the assets, undertakings and property of the Company in priority to all security interests, as applicable.

INTRODUCTION

3. The Company provides product safety testing, inspection, and certification services to customers who manufacture and sell medical, electrical, chemical, and other products that are required to comply with Canadian and international regulations and standards to be eligible for sale or use (the "**Business**").

4. The Company owns: (a) lands located at #204, #205, and #206-8291 92 Street in Delta, British Columbia and #3128-20800 Westminster Highway in Richmond, British Columbia (the "**BC Property**"); and (b) lands located at 2520 and 2528 Bristol Circle, Oakville in Ontario (the "**Ontario Property**").

5. The Bank is the primary secured lender to the Company and holds a first ranking charge over the Company's property, assets, and undertakings including the BC Property and the Ontario Property.

6. In connection with the financing of the Business, the Bank provided the following loan facilities to Labtest, Labtest Ontario, Goshu, and 284 Ontario:

(a) Labtest:

(i) a demand operating loan in the amount of $500,000 (the "**Labtest Demand Loan**") and a business credit card with a limit in the amount of $100,000 (the "**Labtest Business Credit Card**") pursuant to a loan agreement dated May 8, 2024 (the "**Original Labtest Loan**"), as amended by a credit amendment/renewal agreement dated July 24, 2024 (the "**First Labtest**

Amendment Agreement"), a credit amendment/renewal agreement dated December 30, 2024 (the "**Second Labtest Amendment Agreement**"), and a credit amendment/renewal agreement dated March 5, 2025 (the "**Third Labtest Amendment Agreement**") (collectively, the "**Labtest Loan Agreement**"); and

(ii) a business credit card with a limit in the amount of US $10,000 (the "**Labtest U.S. Business Credit Card**" and, together with the Labtest Business Credit Card and the Labtest Demand Loan, the "**Labtest Loan**") pursuant to a credit agreement dated January 15, 2025 (the "**Labtest U.S. Credit Card Facility Credit Agreement**").

A copy of the Original Labtest Loan, the First Labtest Amendment Agreement, the Second Labtest Amendment Agreement, the Third Labtest Amendment Agreement, and the Labtest U.S. Credit Card Facility Credit Agreement is attached as Exhibit A to Exhibit E to the Affidavit #1 of Jennifer Alambre, made July 15, 2026 (the "**First Alambre Affidavit**").

(b) Labtest Ontario: a demand operating loan in the amount of $100,000 (the "**Labtest Ontario Demand Loan**") and a business credit card with a limit in the amount of $50,000 (the "**Labtest Ontario Business Credit Card**" and, together with the Labtest Ontario Demand Loan, the "**Labtest Ontario Loan**") pursuant to a loan agreement dated May 8, 2024 (the "**Original Labtest Ontario Loan**"), as amended by a credit amendment/renewal agreement dated July 24, 2024 (the "**Labtest Ontario Amendment Agreement**") (collectively, the "**Labtest Ontario Loan Agreement**").

A copy of the Original Labtest Ontario Loan and the Labtest Ontario Amendment Agreement is attached as Exhibit F and Exhibit G to the First Alambre Affidavit.

(c) Goshu: a demand collateral mortgage loan in the amount of $7,500,000 (the "**Goshu Loan**") pursuant to a loan agreement dated May 8, 2024 (the "**Original Goshu Loan Agreement**"), as amended by a credit amendment/renewal agreement dated July 24, 2024 (the "**Goshu Amendment Agreement**") (collectively, the "**Goshu Loan Agreement**").

A copy of the Original Goshu Loan Agreement and the Goshu Amendment Agreement is attached as Exhibit H and Exhibit I to the First Alambre Affidavit.

(d) 284 Ontario: a demand collateral mortgage loan in the amount of $9,800,000 (the "**284 Ontario Loan**", and together with the Labtest Loan, the Labtest Ontario Loan, and the Goshu Loan, the "**Loans**") pursuant to a loan agreement dated July 24, 2024 (the "**284 Ontario Loan Agreement**", and together with the Labtest Loan Agreement, the Labtest U.S. Credit Card Facility Credit Agreement, the Labtest Ontario Loan Agreement, and the Goshu Loan Agreement, the "**Loan Agreements**").

A copy of the 284 Ontario Loan Agreement is attached as Exhibit J to the First Alambre Affidavit.

7. The purpose of the Loans was, among other things, to provide financing for the Company to run day-to-day operations for the Business. The Bank advanced funds to the Company pursuant to the Loan Agreements and as at June 26, 2026, the amount remaining owing to the Bank under the Loans was $17,621,821.65 (not including all fees, expenses and other obligations owing or continuing to accrue under the Loan Agreements and related documents) (the "**Indebtedness**").

8. As is described in greater detail below, to secure payment of its obligations to the Bank, the Company has provided a comprehensive security package (collectively, the "**Security**") to the Bank. The Security underlying the Loans includes a mortgage on the BC Property in the amount of $9,015,000 (the "**BC Mortgage**"), a mortgage on the Ontario Property in the amount of $12,000,000 (the "**Ontario Mortgage**", and together with the BC Mortgage, the "**Mortgages**"), and general security agreements in favour of the Bank (collectively, the "**GSA**").

9. The Labtest Loan is guaranteed by Labtest Ontario, Goshu, 284 Ontario, Mr. Dhillon, and MuAnalysis, who have each granted a guarantee of Labtest's obligations to the Bank under the Labtest Loan Agreement (the "**Labtest Guarantees**").

10. The Labtest Ontario Loan is guaranteed by Labtest, MuAnalysis, Goshu, 284 Ontario and Mr. Dhillon, who have each granted a guarantee of Labtest Ontario's obligations to the Bank under the Labtest Ontario Loan Agreement (the "**Labtest Ontario Guarantees**").

11. The Goshu Loan is guaranteed by Labtest, Labtest Ontario, MuAnalysis, 284 Ontario and Mr. Dhillon, who have each granted a guarantee of Goshu's obligations to the Bank under the Goshu Loan Agreement (the "**Goshu Guarantees**").

12. The 284 Ontario Loan is guaranteed by Labtest, Labtest Ontario, Goshu, MuAnalysis, and Mr. Dhillon, who have each granted a guarantee of 284 Ontario's obligations to the Bank under the 284 Ontario Loan Agreement (the "**284 Ontario Guarantees**").

13. The Company has been in default of its obligations under the Loan Agreements since at least September 2025. Among other defaults, the Company has failed to repay, following a formal demand by the Bank on June 2, 2026 (the "**Demand Letter**"), in full all outstanding indebtedness owing by it under the Loan Agreements by June 23, 2026 pursuant to the terms of the Loan Agreements.

14. Despite being in default of the Loans since at least September 2025, the Company has not met its commitments to the Bank and repaid in full the Indebtedness.

15. The Bank seeks the immediate appointment of Deloitte as receiver over the assets, undertakings, and property of the Company to protect the Bank's secured position, prevent the potential impairment of value of the Company's property, and assume conduct of the sale of the Business and its assets in the interests of all affected stakeholders.

THE BUSINESS AND THE PROPERTIES

16. Labtest and Labtest Ontario conduct and operate the Business.

17. Goshu and 284 Ontario are real estate holding companies. Goshu is the registered owner of the BC Property, and 284 Ontario is the registered owner of the Ontario Property.

18. Mr. Dhillon is the Chairman, President, and CEO of the Company and MuAnalysis.

19. The Company carries on business on lands located in British Columbia and Ontario, including the following parcels comprising the BC Property and the Ontario Property:

(a) <u>the BC Property</u>:

(i) #204-8291 92 Street, Delta, legally described as Strata Lot 3 District Lot 132 Group 2 New Westminster District Strata Plan EPS 1707 with PID: 029-205-514;

(ii) #205-8291 92 Street, Delta, legally described as Strata Lot 4 District Lot 132 Group 2 New Westminster District Strata Plan EPS 1707 with PID: 029-205-522;

(iii) #206-8291 92 Street, Delta, legally described as Strata Lot 5 District Lot 132 Group 2 New Westminster District Strata Plan EPS 1707 with PID: 029-205-531;

(iv) #3128-20800 Westminster Highway, Richmond, legally described as Strata Lot 51 Section 9 Block 4 North Range 4 West New Westminster District Strata Plan LMS2129 with PID: 023-197-234; and

(b) the Ontario Property:

(v) 2520 Bristol Circle, Oakville, legally described as PCL Block 2-11, SEC 20M492; PT BLK 2, PL 20M492, Part 8 and 64, 20R9192; S/T H396405; S/T H395923 OAKVILLE with PIN: 24902-0205.

20. The portion of the Ontario Property located at 2528 Bristol Circle, Oakville, legally described as PCL BLOCK 2-10, SEC 20M492; PT BLK 2, PL 20M492, PART 7 AND 63, 20R9192; S/T H396401; S/T H395923 OAKVILLE with PIN: 24902-0204 is currently rented out to a third party.

21. The Company's headquarters are located in Delta, British Columbia.

THE BANK LOANS AND SECURITY

(A) The Loans

22. Pursuant to the Labtest Loan Agreement, the Bank provided Labtest with the following facilities:

(a) A demand operating loan in the amount of $500,000 to run day-to-day business operations. A temporary bulge of $200,000 was provided pursuant to the Second Labtest Amendment Agreement until February 28, 2025 (which date was extended to April 30, 2025 pursuant to the Third Labtest Amendment Agreement).

(b) A business credit card with a limit in the amount of $100,000 to run day-to-day business operations.

23. Pursuant to the Labtest U.S. Credit Card Facility Credit Agreement, the Bank provided Labtest with a business credit card with a limit in the amount of US $10,000 to run day-to-day business operations.

24. Pursuant to the Labtest Ontario Loan Agreement, the Bank provided Labtest Ontario with the following facilities:

(a) A demand operating loan in the amount of $100,000 to run day-to-day business operations.

(b) A business credit card with a limit in the amount of $50,000 to run day-to-day business operations.

25. Pursuant to the Goshu Loan Agreement, the Bank has provided Goshu with a demand collateral mortgage loan in the amount of $7,500,000 for paying out financing amounts and tax amounts to the Canada Revenue Agency ("**CRA**").

26. Pursuant to the 284 Ontario Loan Agreement, the Bank has provided 284 Ontario with a demand collateral mortgage loan in the amount of $9,800,000 for paying out financing amounts and buying out other shareholders.

27. The Loans provided for in the Loan Agreements are demand loans payable upon a demand made by the Bank and irrespective of any breaches or defaults.

28. The Loan Agreements, with the exception of the Labtest U.S. Credit Card Facility Credit Agreement, are subject to a cross default agreement dated July 31, 2024 among the Bank, 284 Ontario, Goshu, Labtest and Labtest Ontario (the "**Cross Default Agreement**"). Pursuant to the Cross Default Agreement, each of 284 Ontario, Goshu, Labtest and Labtest Ontario agreed that a default by any of them under their respective Loan Agreements will also constitute a default under each of the other Loan Agreements (except for the Labtest U.S. Credit Card Facility Credit Agreement). A copy of the Cross Default Agreement is attached to the First Alambre Affidavit as Exhibit K.

29. With respect to all facilities under the Loans, the total Indebtedness owing by the Company under the Loan Agreements as of June 26, 2026, was $17,621,821.65 (not including all fees, expenses and other obligations owing or continuing to accrue under the Loan

Agreements and related documents). As of June 26, 2026, the Indebtedness includes the following amounts of outstanding and accrued interest payable on the Loans:

(a) the 284 Ontario Loan: $29,146.94, with interest increasing at $1,614.29 per day;

(b) the Goshu Loan: $43,085.93, with interest increasing at $1,275.86 per day;

(c) the Labtest Loan: $1,948.13, with interest increasing at $78.40 per day; and

(d) the Labtest Ontario Loan: $376.45, with interest increasing at $13.60 per day.

Attached to this Affidavit as **Exhibit "A"** are payout statements showing the amounts owing under the Loans as of June 26, 2026. Fees and expenses continue to accrue.

(B) Security for the Loans

30. To secure its obligations under the Loan Agreements, the Company granted the Bank Security over its assets, undertakings, and property. This Security includes a first-ranking collateral mortgage and assignment of rents on the BC Property pursuant to the BC Mortgage registered on May 23, 2024, in the amount of $9,015,000 and a first-ranking collateral mortgage and assignment of rents on the Ontario Property pursuant to the Ontario Mortgage registered on August 7, 2024, in the amount of $12,000,000. A copy of the BC Mortgage is attached to the First Alambre Affidavit as Exhibit L and copies of the Land Title Office searches showing the registration of the BC Mortgage over the BC Property are attached to the First Alambre Affidavit as Exhibit EEE. A copy of the Ontario Mortgage is attached to the First Alambre Affidavit as Exhibit M and copies of the title searches showing the registration of the Ontario Mortgage over the Ontario Property are attached to the First Alambre Affidavit as Exhibit FFF. Also attached to the First Alambre Affidavit as Exhibit N is the Bank's standard mortgage terms to which the BC Mortgage and Ontario Mortgage are subject.

31. Each of Labtest, Labtest Ontario, MuAnalysis, Goshu, and 284 Ontario has executed a GSA in favour of the Bank with respect to all of their present and after acquired property securing all obligations, indebtedness and liability owing to the Bank. Copies of the GSA are attached as Exhibit O to Exhibit S to the First Alambre Affidavit. Copies of searches for Labtest, Labtest Ontario, MuAnalysis, Goshu, and 284 Ontario in the British Columbia Personal Property Registry are attached to the First Alambre Affidavit as Exhibit GGG to Exhibit KKK.

Copies of searches for 284 Ontario and Labtest Ontario in the Ontario Personal Property Registry are attached to the First Alambre Affidavit as Exhibit LLL and Exhibit MMM.

32. Each of Labtest, Goshu, Labtest Ontario, MuAnalysis and Mr. Dhillon has executed assignment and postponement agreements in favour of the Bank with respect to indebtedness owing to one another and to 284 Ontario. Copies of the assignment and postponement agreements are attached as Exhibit NN to Exhibit DDD to the First Alambre Affidavit.

33. The Guarantors have each, as applicable, granted a guarantee of the Company's obligations to the Bank under the Loan Agreements. Copies of the Labtest Guarantees, the Labtest Ontario Guarantees, the Goshu Guarantees, and the 284 Ontario Guarantees are attached as Exhibit T to Exhibit MM to the First Alambre Affidavit.

THE COMPANY'S DEFAULTS

34. The Company defaulted on its monthly payment obligations pursuant to the Goshu Loan in November 2025, December 2025, January 2026, April 2026, and May 2026 (collectively, the "**Goshu Payment Defaults**").

35. The Company further defaulted on its monthly payment obligations pursuant to the Goshu Loan in June 2026 (the "**Goshu June Payment Default**").

36. The Company has failed, following the Bank's formal demand in the Demand Letter, to pay all outstanding indebtedness pursuant to the Loan Agreements (the "**Payment Default**").

37. In addition, other defaults of the Company known to the Bank include the following:

(a) in contravention of the terms of the Loan Agreements for the fiscal year ending December 31, 2024, the Company failed to maintain the following ratio of EBITDA divided by all principal and interest payments paid or accrued on all debt during the last fiscal year: greater than or equal to 1.30, maintained by Labtest on a combined basis with Labtest Ontario, MuAnalysis, and Goshu;

(b) in contravention of the terms of the Loan Agreements, the Company breached its reporting requirements to provide the following documents and information within 120 days following the fiscal year ending December 31, 2025:

(i) the financial statements of Labtest;

(ii) the financial statements of Labtest Ontario;

(iii) the financial statements of MuAnalysis;

(iv) the financial statements of Goshu;

(v) the combined financial statements of Labtest, Labtest Ontario, Goshu, and MuAnalysis; and

(vi) the projections for Labtest, Labtest Ontario and MuAnalysis for the upcoming fiscal year, including the balance sheet and the income statement;

(c) in contravention of section 1.1(b) of Schedule "A" to each of the Labtest Loan Agreement, the Labtest Ontario Loan Agreement, and the Goshu Loan Agreement, each of Labtest, Labtest Ontario, and Goshu breached the contractual covenant not to pay their shareholders, officers or directors an amount which would cause a breach of the above financial tests, regardless of how that payment is made or credited, without the Bank's written approval;

(d) in contravention of section 1.1(d) of Schedule "A" to each of the Labtest Loan Agreement, the Labtest Ontario Loan Agreement, the Goshu Loan Agreement, and the 284 Ontario Loan Agreement, each of Labtest, Labtest Ontario, Goshu, and 284 Ontario breached the contractual covenant not to sell, transfer, lease or otherwise dispose of any part of their property or assets, without the Bank's written approval, except in the ordinary course of their business;

(e) in contravention of section 1.1(f) of Schedule "A" to each of the Labtest Loan Agreement, the Labtest Ontario Loan Agreement, and the Goshu Loan Agreement, each of Labtest, Labtest Ontario, and Goshu breached the contractual covenant not to invest in, lend to, guarantee or otherwise agree to pay money or perform obligations on behalf of a third party, except as permitted under the Labtest Loan Agreement;

(f) in contravention of section 1.1(g) of Schedule "A" to each of the Labtest Loan Agreement, the Labtest Ontario Loan Agreement, the Goshu Loan Agreement, and the 284 Ontario Loan Agreement, each of Labtest, Labtest Ontario, Goshu, and 284 Ontario breached the contractual covenant to file on a timely basis, all tax returns which are required to be filed, to pay all taxes and other potential priority claims which are or will become due and payable; and

(g) in contravention of the terms of the 284 Ontario Loan Agreement, 284 Ontario breached its reporting requirements to provide the following documents and information within 120 days following the fiscal year ending December 31, 2025:

(vii) the statements of account from the CRA confirming that there are no tax arrears from 284 Ontario; and

(viii) the confirmation of paid property taxes on all properties mortgaged to the Bank

(and together with the Payment Default and the Goshu June Payment Default, the "**Defaults**").

THE COMPANY'S HISTORY OF NON-COMPLIANCE

38. On September 24, 2025, the Bank wrote to each of Labtest, Labtest Ontario, Goshu, and 284 Ontario to advise of certain of the Defaults by the Company, including breaches of certain reporting requirements, financial covenants, and other conditions (the "**September 2025 Breach Letters**"). The Bank agreed to temporarily waive certain of the Defaults pursuant to the September 2025 Breach Letters. Copies of the September 2025 Breach Letters are attached as Exhibit A to the Affidavit #2 of Jennifer Alambre, made July 15, 2026 (the "**Second Alambre Affidavit**").

39. Since February 4, 2026, the Bank has engaged in extensive communications with the Company to, among other things, request information and documents from the Company pursuant to the Loan Agreements to verify the Company's financial circumstances given the Company's numerous and significant defaults. Such information and documents include but are not limited to documents substantiating the income tax amounts, GST and HST amounts, payroll source deduction amounts, and property tax amounts owed by the Company. Despite the Bank's

numerous follow-up emails and calls with the Company, the Company has repeatedly ignored or delayed its responses to the Bank's requests and has not provided the requested information and documents adequately or in their complete form. A copy of an email chain between the Bank and Mr. Dhillon dated February 4, 2026 to March 17, 2026 showing this correspondence history is attached to the Second Alambre Affidavit as Exhibit B.

40. On or about February 18, 2026, the Bank discovered that material amounts of priority payables, including income tax amounts, GST and HST amounts, payroll source deduction amounts, and property tax arrears, had not been paid by the Company. Copies of the tax certificates for the BC Property dated February 13, 2026, and the Ontario Property dated February 12, 2026 are attached to the First Alambre Affidavit as Exhibit NNN and Exhibit OOO.

41. On April 13, 2026, the Bank, with the consent of the Company, engaged Deloitte as its financial advisor to, among other things, review, assess, and monitor the Company's financial position, its Business and its assets.

42. Following Deloitte's engagement, I am advised by Kaleb Butt, a manager at Deloitte, that Deloitte sent the Company an information request on April 17, 2026 (the "**Deloitte Request**"). Mr. Butt further advised me that on April 22, 2026, during Deloitte's site visit to the Company's office in Delta, British Columbia, Mr. Dhillon agreed to provide Deloitte with information responsive to the Deloitte Request, including direct access to Salesforce, the Company's new accounting system.

43. Mr. Butt advised me that:

(A) on April 23, 2026, the Deloitte Request was revised to include only 32 items;

(B) on April 28, 2026, Deloitte followed up with the Company with respect to the Deloitte Request, after having received none of the items in the Deloitte Request;

(C) on April 30, 2026, the Company provided only 10 items of the 32 items in the Deloitte Request; and

(D) on May 1, 2026, Deloitte returned five out of the 10 documents provided by the Company on April 30, 2026, as these five documents were not sufficiently completed.

A copy of an email chain dated April 23, 2026 to May 1, 2026 between Deloitte and Mr. Dhillon showing certain of this correspondence history is attached to the Second Alambre Affidavit as Exhibit C.

44. The Company defaulted on its payment obligations under the Goshu Loan again at the end of April 2026.

45. I am advised by Mr. Butt that in an unscheduled call between the Company and Deloitte on May 6, 2026, Mr. Dhillon agreed to schedule weekly update calls with Deloitte each Thursday evening (the "**Update Calls**"). Mr. Butt advised me that Deloitte sent the Deloitte Request to the Company's accounting personnel that same day, with the understanding that they would work with Deloitte to provide items responsive to the Deloitte Request. A copy of an email chain between Deloitte and the Company's accounting personnel dated May 6, 2026 to May 7, 2026 showing this correspondence history is attached to the Second Alambre Affidavit as Exhibit D.

46. I am advised by Mr. Butt that on May 14, 2026, Mr. Dhillon failed to attend the first of the Update Calls with Deloitte, and the Company's accounting personnel provided 13 items in response to the Deloitte Request; however, seven items were later returned due to a lack of detail.

47. In May 2026, the Bank discovered that the Company had opened and used accounts with Royal Bank of Canada ("**RBC**") and Wells Fargo Bank ("**Wells Fargo**") and that the Company's primary bank accounts were not held at the Bank but were held at RBC and Wells Fargo. Considering the Company's lack of reliable financial reporting (as discussed in further detail below), the Bank was concerned that the Company's accounts at RBC and Wells Fargo were being utilized to make advances and for other purposes that were not permitted pursuant to the terms of the Loan Agreements.

48. On May 19, 2026, in a letter to the Company, Blake, Cassels & Graydon LLP ("**Blakes**"), counsel to the Bank, wrote to provide notice to the Company of the Goshu Payment Defaults (the "**Notice Letter**"). A copy of the Notice Letter is attached to the Second Alambre Affidavit as Exhibit E. Blakes also requested that the Company provide the contact information for its counsel. In the Notice Letter, the Bank requested that the Company provide Deloitte with certain information and documents by May 22, 2026, including:

(a) all RBC bank statements;

(b) all Wells Fargo bank statements;

(c) the Company's Salesforce account details;

(d) the Company's statutory claim details in the United States; and

(e) various employee details,

(collectively, the "**Requested Information**").

49. On May 19, 2026, in an email to the Bank (the "**May 19 Email**"), the Company responded to the Notice Letter by email and asserted, among other things, that a repayment plan had been reached between the Company and the Bank and that sufficient funds had been available in the applicable accounts to satisfy the Goshu Payment Defaults. A copy of the May 19 Email is attached to the Second Alambre Affidavit as Exhibit F.

50. I am advised by Mr. Butt that on May 21, 2026, pursuant to the Notice Letter, the Company: (a) provided Deloitte with some RBC bank statements and employee payroll figures with no supporting evidence; and (b) advised Deloitte that it would not be providing certain of the Requested Information, including bank statements from Wells Fargo, since such information was either outside the scope of Deloitte's engagement or would cause the Company to incur additional costs to obtain.

51. I am advised by Mr. Butt that on May 25, 2026, Deloitte notified the Company that 21 items were still outstanding from the Deloitte Request.

52. On or about May 25, 2026, the Bank discovered that the CRA audited the Company's payroll in Ontario and British Columbia and uncovered arrears owing by the Company in the amount of approximately $700,000 (BC payroll) and $240,000 (ON payroll).

53. The Company further defaulted on its payment obligations pursuant to the Goshu Loan at the end of May 2026.

54. I am advised by Mr. Butt that on June 2, 2026, Deloitte further notified the Company that 20 items were still outstanding from the Deloitte Request. Deloitte further provided the Company with a detailed assessment of bank transactions from RBC and the Bank and asked

the Company for details on a number of sampled transactions (the "**Sampled Bank Transactions**"). A copy of this correspondence from Deloitte dated June 2, 2026 is attached to the Second Alambre Affidavit as Exhibit G.

55. On June 2, 2026, Blakes responded to the May 19 Email and refuted the Company's claims as set out in the May 19 Email (the "**Response Letter**"). The Bank reiterated that it had not entered into any form of a repayment agreement with the Company and noted that in Goshu's account statements with the Bank from September 2025 to May 2026, there have repeatedly been insufficient funds in Goshu's chequing account from which the Bank's system could automatically withdraw funds to satisfy payments towards the Goshu Loan. The Bank further noted that as of the date of the Response Letter, the Goshu Payment Defaults remained outstanding. A copy of the Response Letter is attached to the Second Alambre Affidavit as Exhibit H.

56. On June 2, 2026, Blakes issued the Demand Letter to the Company, which: (a) demanded payment of all outstanding indebtedness under the Loan Agreements by June 23, 2026 (noting that the Loans provided for in the Loan Agreements are demand loans payable upon a demand made by the Bank and irrespective of any breaches or defaults); and (b) provided a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"). A copy of the Demand Letter is attached to the Second Alambre Affidavit as Exhibit I.

57. On June 3, 2026, in an email to the Bank, the Company alleged that the Demand Letter contained incorrect information but did not substantiate or provide further evidence backing these allegations. The Company further confirmed that it would contact its lawyer with respect to the alleged misinformation contained in the Demand Letter. A copy of this email dated June 3, 2026 is attached to the Second Alambre Affidavit as Exhibit J.

58. I am advised by Mr. Butt that on June 9, 2026:

(A) Deloitte held a call with the Company's accounting personnel to review the Sampled Bank Transactions;

(B) the Company's accounting personnel were unable to address Deloitte's concerns with the Company's method of tracking bank transactions to journal entries and documenting its bank transactions in the Company's Salesforce system; and

(C) although the Company's accounting personnel advised that they would send Deloitte the Company's Wells Fargo bank statements, they did not send Deloitte the Wells Fargo bank statements.

59. On June 18, 2026, Mr. Dhillon asked to cancel a scheduled Update Call so that he could watch a soccer game. To accommodate Mr. Dhillon's request, Deloitte asked Mr. Dhillon to provide an update with respect to the Company's Business and operations by email. However, Mr. Dhillon did not do so. A copy of this correspondence dated June 18, 2026 is attached to the Second Alambre Affidavit as Exhibit K.

60. I am advised by Mr. Butt that on June 22, 2026, Deloitte sent the Company a follow-up email regarding support for the Sampled Bank Transactions and that no response was received from the Company.

61. The Company and the Guarantors did not engage legal counsel to respond to the Demand Letter by June 23, 2026, or repay the outstanding indebtedness under the Loan Agreements to the Bank by June 23, 2026.

62. The Company defaulted on its payment obligations under the Goshu Loan again at the end of June 2026.

63. On or about June 25, 2026, the Bank discovered that at the fiscal year ending December 31, 2024, the Company had, in breach of the terms of the Loan Agreements, withdrawn a total of $419,228 from its accounts and had advanced such amounts to Mr. Dhillon and to certain third parties indirectly affiliated with the Company without the Bank's approval.

64. On June 25, 2026, in an email to the Bank, the Company claimed that additional funds, which could be applied towards delinquent payments outstanding pursuant to the Goshu Loan, would be available to the Bank by June 26, 2026 (the "**June 25 Email**").

65. I am advised by Mr. Butt that on June 25, 2026, Mr. Dhillon failed to attend the entire Update Call with Deloitte, and only attended briefly, stating that the June 25 Email

constituted a report on the Company's plan to address the Bank's concerns that it should fully resolve the issues between the Company and the Bank, thereby negating the need for him to discuss matters with Deloitte further. Mr. Butt further advised me that no items responsive to the Deloitte Request were provided.

66. On June 26, 2026, the Company deposited sufficient funds into its accounts with the Bank and authorized the Bank to apply the funds to rectify the Goshu Payment Defaults. However, the Company did not rectify the Goshu June Payment Default.

67. I am advised by Mr. Butt that Mr. Dhillon failed to attend the scheduled Update Call on July 2, 2026 and on July 9, 2026, and did not provide Deloitte with any explanation for either of his absences.

THE BANK'S CONCERNS

68. As set out above and since the fall of 2025, the Bank has provided multiple opportunities to the Company to rectify the Defaults. Despite such indulgences by the Bank and being afforded ample time to do so, the Company has not rectified the Defaults or repaid the Indebtedness. For the reasons set out in further detail below, among others, the Bank has lost all confidence in the Company.

<u>Provision and Quality of Information Issues</u>

69. The Company has remained uncooperative with respect to requests for information and updates from both the Bank and Deloitte. The Company has not only consistently failed to provide complete and reliable information, but has delayed responding to requests and has, in several instances, expressly refused to provide requested information notwithstanding repeated requests from the Bank and Deloitte. The information that has been produced by the Company to the Bank and, as I am advised by Mr. Butt, to Deloitte was often incomplete, lacked sufficient supporting detail, or was not suitable for meaningful analysis, resulting in repeated requests for clarification and supporting documentation.

70. Indeed, the Bank's concerns with the Company are not limited to delays in the production of information but extend to the overall reliability, completeness and consistency of information provided by the Company. While the Company has disputed and provided

inconsistent representations regarding the quantum and the repayment status of the Indebtedness to the Bank, the Company has made no material efforts to substantiate its position.

Failure to Disclose and Lack of Transparency

71. The Company's initial representations to the Bank and, as I am advised by Mr. Butt, to Deloitte of its exposure to the CRA have been materially understated. Due to the lack of sufficient supporting documentation from the Company, the Bank currently has no visibility into the Company's total exposure to the CRA.

72. The Bank also has limited visibility into the Company's cross-border cash flows and intercompany funding. The Company has taken the position that information relating to the Company's operations in the United States is not required to be shared as such operations do not form part of the Bank's Security. As I am advised by Mr. Butt, the Company's refusal to disclose such information has impaired Deloitte's ability to assess potential U.S. liabilities, regulatory obligations, and overall financial performance of the U.S. operations, which raises concerns for the Bank regarding the Company's management focus, capital allocation, and transparency.

73. The Company's sale process for the Business has been marked by repeated short-term assurances from the Company that have not materialized. The Bank is aware that the Company has had a letter of intent for a sale of the Business to a third party (the "**Potential Transaction**") since April 2026. As I am advised by Mr. Butt, the Company has repeatedly represented to Deloitte that milestones related to the Potential Transaction would occur in short order, but documentation supporting these representations has generally not been provided despite repeated requests from Deloitte. It is currently unclear to the Bank how far into the sale process the Company is, and what additional due diligence is still required. The Bank is not confident about the likelihood, timing or ability of the Company to successfully provide due diligence information and execute and close a transaction for the Business and its assets.

Data and Operational Integrity Issues

74. The Bank is also of the view that the Company's financial reporting is not reliable. The Company's current operations require frequent intercompany transactions, which are poorly documented and appear to be centrally controlled by Mr. Dhillon. As I am advised by Mr. Butt,

testing undertaken by Deloitte identified that none of the Sampled Bank Transactions were linked to journal entries, which indicates fundamental breakdowns in accounting controls, and that the Company appears to permit movement of cash without consistent recording or approval documentation. Moreover, as I am advised by Mr. Butt, since the Company migrated to Salesforce on January 1, 2026, details for the fiscal year 2025 balance sheet have been omitted, which has required manual reconstruction of balances that has been ongoing since the start of the year.

75. Compounding the Bank's concerns is the fact that, as I am advised by Mr. Butt: (a) the Company operates the Business on a cash basis and does not perform formal month-end closings, which makes it difficult to assess profitability on a monthly basis; and (b) supplier invoices relating to sales by the Company for any given month may not be received and entered into the Company's Salesforce account until months later.

76. Based on the Bank and Deloitte's dealings and correspondence with the Company (as conveyed to me by Mr. Butt), the Bank is not confident in the ability and reliability of the Company's current personnel. The Bank is of the view that: (a) the Company's management lacks the capacity, sophistication, and strategy to operate the Business as a going concern and to execute on the sale of the Business and its assets; and (b) the Company's accounting personnel lack the capability to prepare cash flow forecasts, perform financial analysis, or articulate accounting policies.

THE NEED FOR A RECEIVER

77. As of June 26, 2026, the Loans had all been nearly maxed out by the Company. The Indebtedness as of June 26, 2026 was $17,621,821.65 (not including all fees, expenses and other obligations owing or continuing to accrue under the Loan Agreements and related documents).

78. Notwithstanding the numerous notices provided by the Bank and Blakes to the Company of the Defaults since September 2025, when the Company first began defaulting on its obligations under the Loan Agreements, the Company has not found a solution to its financial problems and has not repaid the Bank. At this point, the Bank does not have confidence that the Company and the Guarantors will be able to pay back the Indebtedness without the assistance of a receiver.

79. The Bank has the right to appoint a receiver under the Security, including the GSA.

80. In light of the current circumstances, the Bank is of the view that there is no other option for recovering the Indebtedness than to seek the appointment of a receiver over the property, assets, and undertakings of the Company for the benefit of all stakeholders. The Bank's view is that the immediate appointment of the Receiver is appropriate and necessary to protect its security and realize value for all stakeholders.

81. I acknowledge the solemnity of making a sworn statement/solemn declaration and acknowledge the consequences of making an untrue statement.

82. I was not physically present before the person before whom this affidavit was sworn or affirmed but was in that person's presence using video conferencing.

SWORN BEFORE ME at Calgary, Alberta
on July 16, 2026

A Commissioner for taking Affidavits for the
Province of Alberta

E. ROH
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
1133 Melville Street
Suite 3500, The Stack
Vancouver, B.C. V6E 4E5
604-631-4254

Raymond Pai

This is Exhibit **"A"** referred to in Affidavit #1 of Raymond Pai made before me at Calgary, Alberta on July 16, 2026.

A Commissioner for taking Affidavits for British Columbia

NATIONAL BANK

2842878 ONTARIO INC.	
Indebtedness to National Bank of Canada	
26-Jun-2026	
Credit facility #354004 (6.15%)	$9,580,759.67
Accrued Interest	$29,146.94
Per diem : $1,614.29	
Subtotal	$9,609,906.61
Legal Fee(s)	TBD
Additional Fee(s)	TBD
Total	**$9,609,906.61**

(1) Subject to balance fluctuations daily.

(2) Subject to Prime Rate change. Canadian Prime is 4.45% as of the date of this statement

Raymond Pai
Senior Director

NATIONAL BANK

GOSHU PRODUCTS SERVICES INC.	
Indebtedness to National Bank of Canada	
26-Jun-2026	
Credit facility #354002 (6.43%)	$7,242,424.79
Accrued Interest	$43,085.93
Per diem : $1,275.86	
Subtotal	$7,285,510.72
Legal Fee(s)	TBD
Additional Fee(s)	TBD
Total	**$7,285,510.72**

(1) Subject to balance fluctuations daily.

(2) Subject to Prime Rate change. Canadian Prime is 4.45% as of the date of this statement

Raymond Pai
Senior Director

NATIONAL BANK

LABTEST CERTIFICATION INC.	
Indebtedness to National Bank of Canada	
26-Jun-2026	
Credit facility #060028050974 (1) (2) (P + 1.50%)	$480,920.00
Accrued Interest	$1,948.13
Per diem : $78.4	
Credit facility # MD2414484817 Business Credit Card Authorized Limit $100,000.00	$108,290.83
Credit facility # MD2502236521 Business Credit Card - USD Authorized Limit $10,000.00	$0.00
Subtotal	$591,158.96
Legal Fee(s)	TBD
Additional Fee(s)	TBD
Total	**$591,158.96**

(1) Subject to balance fluctuations daily.

(2) Subject to Prime Rate change. Canadian Prime is 4.45% as of the date of this statement

Raymond Pai
Senior Director

NATIONAL BANK

LABTEST CERTIFICATION ONTARIO INC.	
Indebtedness to National Bank of Canada	
26-Jun-2026	
Credit facility #060028051270 (1) (2) (P + 1.50%)	$83,423.00
Accrued Interest	$376.45
Per diem : $13.6	
Credit facility # MD2414400898 Business Credit Card Authorized Limit $50,000.00	$51,445.91
Subtotal	$135,245.36
Legal Fee(s)	TBD
Additional Fee(s)	TBD
Total	**$135,245.36**

[1] Subject to balance fluctuations daily.

[2] Subject to Prime Rate change. Canadian Prime is 4.45% as of the date of this statement

Raymond Pai
Senior Director