This is the 1st affidavit
of Cory Stark
in this case and was made on
August 31, 2026

No. H-261123
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

Between

NATIONAL BANK OF CANADA

Petitioner

and

NOVO TEXTILE COMPANY LTD., NOVO HOLDINGS CO. LTD., ZANATTA SEABORNE HOLDINGS LTD., ZANATTA SEABORNE 2 HOLDINGS LTD., ZANATTA FAMILY TRUST by its trustee JASON MICHAEL ZANATTA, JASON MICHAEL ZANATTA, HIS MAJESTY THE KING IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, VANCOUVER CITY SAVINGS CREDIT UNION and ALL TENANTS OR OCCUPIERS OF THE SUBJECT LANDS AND PREMISES

Respondents

AFFIDAVIT

I, Cory Stark, care of 2900 – 733 Seymour Street, Vancouver, BC, V6B 0S6, AFFIRM THAT:

1. I am a Senior Director, Special Loans of the petitioner, National Bank of Canada ("**National Bank**"). In this capacity, I oversee the management of high-risk accounts, including the loans and credit facilities that are the subject matter of this proceeding. As such, I have personal knowledge of the facts and matters hereinafter deposed to, save and except where the same are stated to be based upon information and belief, and where so stated I verily believe the same to be true.

2. I make this affidavit in support of the relief sought in National Bank's petition, including the appointment of Deloitte Restructuring Inc. ("**Deloitte**") as receiver and manager of the respondents, Novo Textile Company Ltd., Novo Holdings Co. Ltd., Zanatta Seaborne

Holdings Ltd., and Zanatta Seaborne 2 Holdings Ltd. In making this affidavit, I have reviewed National Bank's records relating to this matter kept in the ordinary course of business. Unless otherwise defined herein, capitalized terms in this affidavit are as defined in the petition.

The Loans and Security

3. The petitioner, National Bank, is a federal chartered bank.

4. Pursuant to the Novo Textile Letter Agreement, National Bank made available to Novo Textile the following credit facilities and advanced monies thereunder:

   a) the Novo Textile Line of Credit with an approved limit of $2,800,000 to finance Novo Textile's day-to-day operations;

   b) the Novo Textile Special Credit in the principal amount of $3,870,000 to repay the outstanding balance of pre-existing equipment loans;

   c) the Novo Textile Line for Derivatives with an approved limit of $20,000 to cover National Bank's net risks of the use of derivatives by Novo Textile; and

   d) the Novo Textile Mastercard with an approved limit of $50,000 to finance day-to-day purchases made with a credit card.

5. Attached as **Exhibit "1"** is a copy of the Novo Textile Letter Agreement.

6. The debtors' obligations under the Novo Textile Letter Agreement are secured and supplemented by, *inter alia*:

   a) the Zanatta Mortgage;

   b) the Novo Textile GSA;

   c) the Novo Holdings GSA;

   d) the Zanatta GSA; and

e) the Guarantees of Novo Textile.

7. Attached as **Exhibit "2"** is a copy of the Zanatta Mortgage together with the filed standard mortgage terms MT14002. Attached as **Exhibit "3"** is a copy of the Novo Textile GSA. Attached as **Exhibit "4"** is a copy of the Novo Holdings GSA. Attached as **Exhibit "5"** is a copy of the Zanatta GSA. Attached as **Exhibit "6"** is a copy of the Novo Holdings Guarantee of Novo Textile. Attached as **Exhibit "7"** is a copy of the Zanatta Guarantee of Novo Textile. Attached as **Exhibit "8"** is a copy of the Trust Guarantee of Novo Textile. Attached as **Exhibit "9"** is a copy of the Jason Guarantee of Novo Textile.

8. Pursuant to the Zanatta Letter Agreement, National Bank made available to Zanatta the Zanatta Term Loan in the principal amount of $1,201,000 to repay pre-existing debt. Attached as **Exhibit "10"** is a copy of the Zanatta Letter Agreement.

9. The debtors' obligations under the Zanatta Letter Agreement are secured and supplemented by, *inter alia*:

a) the Zanatta Mortgage;

b) the Novo Textile GSA;

c) the Novo Holdings GSA;

d) the Zanatta GSA; and

e) the Guarantees of Zanatta.

10. Attached as **Exhibit "11"** is a copy of the Novo Textile Guarantee of Zanatta. Attached as **Exhibit "12"** is a copy of the Novo Holdings Guarantee of Zanatta. Attached as **Exhibit "13"** is a copy of the Trust Guarantee of Zanatta. Attached as **Exhibit "14"** is a copy of the Jason Guarantee of Zanatta.

11. Pursuant to the Zanatta 2 Letter Agreement, National Bank made available to Zanatta 2 the Zanatta 2 Term Loan in the principal amount of $1,985,000 to repay pre-existing debt. Attached as **Exhibit "15"** is a copy of the Zanatta 2 Letter Agreement.

12. The debtors' obligations under the Zanatta 2 Letter Agreement are secured and supplemented by, *inter alia*:

    a) the Zanatta 2 Mortgage;

    b) the Novo Textile GSA;

    c) the Novo Holdings GSA;

    d) the Zanatta 2 GSA; and

    e) the Guarantees of Zanatta 2.

13. Attached as **Exhibit "16"** is a copy of the Zanatta 2 Mortgage. Attached as **Exhibit "17"** is a copy of the Zanatta 2 GSA. Attached as **Exhibit "18"** is a copy of the Novo Textile Guarantee of Zanatta 2. Attached as **Exhibit "19"** is a copy of the Novo Holdings Guarantee of Zanatta 2. Attached as **Exhibit "20"** is a copy of the Trust Guarantee of Zanatta 2. Attached as **Exhibit "21"** is a copy of the Jason Guarantee of Zanatta 2.

Defaults and Indebtedness

14. The Borrowers breached various obligations owed to National Bank under the Letter Agreements and the Security, including the following:

    a) Failure to remit payments on time or at all: Under the Loan Agreements, the Borrowers are required to make monthly payments. Novo Textile has failed to remit required monthly payments under the Novo Textile Special Credit since October 1, 2025 and under the Novo Textile Line of Credit since April 27, 2025. It made two lump sum principal payments and two lump sum interest payments in May 2026 under the Novo Textile Special Credit, and no payments have been made under any of the facilities since then. Zanatta has failed to remit required monthly payments since December 1, 2025. It made one lump sum interest payment in May 2026, and no payments have been made since then. Zanatta 2 has failed to remit required monthly payments since October 28, 2025. It made one lump sum principal

payment and one lump sum interest payment in May 2026, and no payments have been made since then. By continuing to operate while failing to remit required payments, the Borrowers would seem to necessarily be paying unsecured/subordinate creditors in preference to National Bank, notwithstanding its first priority security position.

b) Failure to pay property taxes: As of June 5, 2026, a total of $80,471.17 is owed for 2025 and 2026 property taxes for the Lands. Interest on arrears continues to accrue, and penalties will be applied if the arrears continue to be unpaid. The Borrowers' failure to pay property taxes results in an erosion of National Bank's security position. Attached as **Exhibit "22"** is a copy of the tax certificate for the Zanatta Lands. Attached as **Exhibit "23"** is a copy of the tax certificate for the Zanatta 2 Lands.

c) Failure to deliver required reporting on time or at all: The Borrowers have failed to provide required monthly, quarterly, and annual reporting. They have not provided their annual financial statements for the 2025 fiscal year. Novo Textile has not provided quarterly reporting beyond Q4 2025. Additionally, Novo Textile has not provided monthly reporting since May 1, 2026, which was for the reporting period ending March 31, 2026. As set out in more detail below, National Bank has been unable to calculate financial ratios or otherwise assess the Borrowers' current financial condition or the current value or condition of its inventory, accounts receivable, and equipment. In further default, the Borrowers have failed to provide required annual financial reporting for Novo Holdings Co. Ltd.

d) Failure to provide evidence of insurance: The insurance policies that National Bank has on file for the Lands expired on April 1, 2026. Further, the coverage under the expired policies did not extend to the Zanatta 2 Lands. The Borrowers have neglected or failed to provide evidence confirming that adequate insurance coverages are in place. If insurance for the Lands has lapsed, that places National Bank's security at significant risk. Attached as **Exhibit "24"** is a copy of the insurance policy that expired on April 1, 2026.

e) Permitting further encumbrances of assets without consent: Zanatta and Zanatta 2 permitted the registration by Vancouver City Savings Credit Union of a general security agreement in the Personal Property Registry against their present and after-acquired personal property. There also exists a Crown charge for employer health tax registered in the Personal Property Registry against Novo Textile's present and after-acquired personal property.

15. By letters dated July 6, 2026, National Bank sent demands for repayment and notice of intention to enforce security to the Borrowers. Concurrent demands were issued under the Guarantees. Attached as **Exhibit "25"** is a copy of the demand letter dated July 6, 2026 from Scott H. Stephens, counsel for National Bank, to Novo Textile. Attached as **Exhibit "26"** is a copy of the demand letter dated July 6, 2026 from Mr. Stephens to the guarantors under the Novo Textile Letter Agreement. Attached as **Exhibit "27"** is a copy of the demand letter dated July 6, 2026 from Mr. Stephens to Zanatta. Attached as **Exhibit "28"** is a copy of the demand letter dated July 6, 2026 from Mr. Stephens to the guarantors under the Zanatta Letter Agreement. Attached as **Exhibit "29"** is a copy of the demand letter dated July 6, 2026 from Mr. Stephens to Zanatta 2. Attached as **Exhibit "30"** is a copy of the demand letter dated July 6, 2026 from Mr. Stephens to the guarantors under the Zanatta 2 Letter Agreement.

16. Pursuant to the Zanatta GSA and the Zanatta 2 GSA, the floating charges against real property granted therein by Zanatta and Zanatta 2 in favour of National Bank became fixed charges upon default of the said borrowers' obligations to National Bank. On August 14, 2026, National Bank registered crystallized floating charges against the Lands. Attached as **Exhibit "30A"** is a copy of the Zanatta Crystallized Charge. Attached as **Exhibit "30B"** is a copy of the Zanatta 2 Crystallized Charge. Attached as **Exhibit "30C"** is a copy of the notice of registration of the Crystallized Charges.

17. National Bank offered forbearance terms, but no agreement was reached. The Debtors neglected or refused to repay the indebtedness despite demand.

18. The sums due and owing pursuant to the Letter Agreements and under the Security as of August 28, 2026 are as follows, exclusive of legal fees and costs and do not include any penalty or bonus:

    a) under the Novo Textile Line of Credit: $2,834,502.08;

    b) under the Novo Textile Special Credit: $3,475,000.86;

    c) under the Novo Textile Line for Derivatives: $0;

    d) under the Novo Textile Mastercard: $45,460.07;

    e) under the Zanatta Term Loan: $1,201,147.31; and

    f) under the Zanatta 2 Term Loan: $1,999,096.92.

19. Attached as **Exhibit "31"** is a copy of the payout statement for the Novo Textile facilities. Attached as **Exhibit "32"** is a copy of the payout statement for the Zanatta Term Loan. Attached as **Exhibit "33"** is a copy of the payout statement for the Zanatta 2 Term Loan.

20. Interest accrues on the indebtedness as follows:

    a) on the amount outstanding under the Novo Textile Line of Credit: 0.50% per annum above National Bank's prime commercial lending rate as declared from time to time, which said rate is currently 4.45% per annum, so that the rate of interest currently chargeable is 4.95% per annum, compounded monthly;

    b) on the amounts outstanding under the Novo Textile Special Credit: 5.15% per annum, compounded monthly;

    c) on the amounts outstanding under the Novo Textile Mastercard: 20.99%;

    d) on the amounts outstanding under the Zanatta Term Loan: 1.20% per annum above National Bank's prime commercial lending rate as declared from time to time,

which said rate is currently 4.45% per annum, so that the rate of interest currently chargeable is 5.65% per annum, compounded monthly; and

e) on the amounts outstanding under the Zanatta 2 Term Loan: 1.20% above National Bank's prime commercial lending rate as declared from time to time, which said rate is currently 4.45% per annum, so that the rate of interest currently chargeable is 5.65% per annum, compounded monthly.

Other Conduct that Informed the Decision to Seek the Appointment of a Receiver

21. The serious nature of the Borrowers' various defaults caused National Bank to lose confidence in management. National Bank's loss of confidence was informed and compounded by the following.

Non-Revolving Line of Credit

22. The indebtedness under the Novo Textile Line of Credit has consistently remained at or near the authorized credit limit, and at times over the authorized credit limit. Further, rather than a credit facility with constantly revolving balances due to utilization for day-to-day operations, as is the stated purpose of this facility, the Novo Textile Line of Credit has instead been effectively used as a permanent non-revolving debt facility. Multiple non-sufficient funds transactions have been recorded on the account, and the volume and dollar value of transactions through the account have declined.

Alternative Banking Arrangements

23. The Borrowers appear to maintain some of their day-to-day banking with financial institutions other than National Bank. By maintaining bank accounts elsewhere, the Borrowers have prevented National Bank from effectively monitoring their day-to-day operations and have kept collateral for the extension of credit (i.e., cash) outside of National Bank's control. Attached as **Exhibit "34"** is a copy of my email to Jason Zanatta inquiring about the Borrowers' banking arrangements. Mr. Zanatta did not respond to my inquiry.

Lack of and Inadequate Financial Reporting

24. The Borrowers' failure to deliver required reporting on time or at all and failure to respond to National Bank's request for documents and information rendered National Bank unable to monitor and assess their operations and financial condition notwithstanding that National Bank was financing its operations.

25. In relation to Novo Textile, we have been unable to determine the current value of its inventory as it has failed to provide updated inventory reporting since March 2026. Novo Textile's inventory is comprised primarily of surgical and N95 masks and some packaging. It is our understanding that masks have a shelf life that varies depending on the type of mask and storage conditions, and prolonged or improper storage may degrade the materials, reducing their effectiveness and value. We have been unable to assess whether the inventory is being stored under appropriate conditions to maintain shelf life and usability. Attached as **Exhibit "35"** is a copy of Novo Textile's inventory list as at March 31, 2026.

26. In addition, due to the lack of and inadequate financial reporting, National Bank has been unable to establish a complete picture of Novo Textile's accounts receivable. The limited accounts receivable information received from Novo Textile shows only two customers, BC Provincial Health Services Authority ("**PHSA**") and Vereburn. That information was provided as of March 31, 2026, and we are unable to determine whether it remains complete or accurate. Attached as **Exhibit "36"** is a copy of Novo Textile's A/R Aging Summary as of March 31, 2026.

27. Accurate and current information regarding Novo Textile's accounts receivable and inventory is essential because the Novo Textile Line of Credit is a borrowing base facility, meaning that the authorized credit limit is calculated as a percentage of the value of eligible accounts receivable and inventory. Without current and reliable reporting, National Bank cannot verify whether the collateral supporting the Line of Credit actually exists, remains collectible (in the case of receivables) or retains its value or quantity (in the case of inventory, which may have declined since the last reporting date), or whether the

outstanding advances exceed the properly calculated borrowing base, thereby exposing National Bank to under-secured lending risk.

28. To our knowledge, Novo Textile uses the Zanatta Lands as a storage or warehouse facility for its inventory. The Zanatta Lands were listed for sale on the MLS from June 18, 2025 to December 31, 2025 with Cushman & Wakefield ("**C&W**"). The listing is not currently active on the MLS but is still being marketed on C&W's website. Attached as **Exhibit "36A"** is a copy of the printout from C&W's webpage with the listing of the Zanatta Lands together with the listing brochure downloaded from the webpage. The interior photos in the brochure show an empty premise, which is inconsistent with the use of the premises as a storage or warehouse facility for inventory. We do not know whether the photos in the brochure reflect the current state of the interior of the Zanatta Lands. If the photos are current, this raises significant concerns, as we do not know where Novo Textile is storing its inventory or whether any inventory remains.

29. Based on our review of the account statements for Novo Textile's bank account with National Bank, it appears that the number and dollar value of payments from PHSA have decreased. The originating credit submission by Novo Textile to National Bank indicated that PHSA was Novo Textile's primary customer pursuant to a contract in place until January 2027 with monthly minimum order commitments. Given our limited insight into Novo Textile's current financial performance, it is unclear whether the contract with PHSA remains in good standing and whether it will be renewed upon expiry. The decreases in payments from PHSA would suggest that their business with PHSA has declined or that deposits from PHSA (and other customers) are being directed to accounts with other financial institutions.

30. The last available values for Novo Textile's equipment are the net book values shown on the internal, unaudited December 31, 2025 balance sheet. Most of the equipment has been classified as shop equipment, which we understand to relate to high-speed medical mask and N95 production machines that are highly specialized and may have a limited resale market; their current condition and value are unknown. Attached as **Exhibit "37"** is a copy of Novo Textile's balance sheet as of December 31, 2025.

Lease of the Zanatta 2 Lands

31. The Zanatta 2 Lands are leased exclusively to a tenant, Felix Pharmacy West Inc., pursuant to an amended and restated lease agreement dated January 9, 2024. Attached as **Exhibit "38"** is a copy of the lease.

32. Under the lease, the tenant is currently required to pay basic rent in the amount of $6,331.29 per month or $75,975.50 per year plus operating costs, utilities, and property taxes. Accordingly, the Borrowers are generating rental income from the Lands, while not remitting payments to National Bank nor remitting payments on account of other priority payables.

33. The lease term is set to expire on January 20, 2027, and provided that the tenant is not in default, the tenant has the option to renew for two additional three-year terms by giving notice of renewal as early as 12 months before and no later than 6 months before the start of the renewal term. National Bank does not know whether the tenant has exercised the option to renew, and if so, the terms of the renewal.

34. I reviewed several months of the account statements for Zanatta 2's bank account with National Bank. I could not identify any rent deposits specifically from the tenant. The last transaction in the bank account was a deposit by Novo Textile on May 13, 2026 for $25,000, and there were no additional deposits since. Further, there were months where there were no transactions at all (other than National Bank's standard service charges) and months where it would appear that the only deposit came from Novo Textile. We are concerned that rents are being diverted on an ongoing basis, that a replacement tenant may be required for the Zanatta 2 Lands, that the tenant may be in default of its lease obligations, and that the Lands are not being managed in a manner that maximizes return.

35. The only financial statements of Zanatta 2 that we have on file are its financial statements for the year ending December 31, 2024. The financial statements show rental income for 2024 in the amount of $318,000, which is significantly higher than the annual rent due under the lease even if recoveries for operating costs, utilities, and property taxes are accounted for. We do not have Zanatta 2's financial statements for 2025 and are therefore

unable to reconcile or assess the nature of this discrepancy, determine whether it has continued or worsened, or verify the current state of rental income from the Zanatta 2 Lands. Attached as **Exhibit "39"** is a copy of Zanatta 2's financial statements for year ending December 31, 2024.

36. We understand that Zanatta 2 is a single asset real estate holding company. The rent due under the lease alone is insufficient to fully cover the monthly payments required under the Zanatta 2 Letter Agreement, and in light of the transactions in Zanatta 2's bank account, it is likely that Novo Textile was supplementing the rental income in order to cover the monthly payments. As we have no insight into the current financial performance of Novo Textile, we do not know whether this financial support is continuing. The delinquent loan payments would suggest that it is not.

Non-Compliance with Tax Obligations

37. On or around April 8, 2025, National Bank received a demand notice in the amount of $65,967.75 from the Ministry of Finance in connection with amounts owed by Novo Textile for employer health tax. Attached as **Exhibit "40"** is a copy of the demand notice dated April 8, 2025.

38. On or around May 13, 2026, National Bank received a second demand notice in the amount of $53,517.66 from the Ministry of Finance in connection with amounts owed by Novo Textile for employer health tax. Attached as **Exhibit "41"** is a copy of the demand notice dated May 13, 2026.

39. These demands demonstrate a pattern of non-compliance by Novo Textile, and its non-compliance with statutory obligations to pay employer health tax has resulted in a Crown charge registered against its personal property in the Personal Property Registry.

40. The Borrowers have also refused or neglected to confirm that amounts owed to the Canada Revenue Agency ("**CRA**") are current. Outstanding CRA obligations, including source deductions and GST remittances, may give rise to deemed trust claims that rank in priority to National Bank's security interest, further eroding National Bank's position. In light of

the Borrowers' failure to pay property taxes, and the amounts owed to the Ministry of Finance for employer health tax, we assess that there exists a significant risk that the Borrowers are similarly failing to remit required amounts to CRA.

Inability to Repay the Indebtedness

41. On October 1, 2025, Mr. Zanatta advised National Bank that he was working on a contemplated transaction that would pay out the Novo Textile Line of Credit and Special Credit, and that the parties were working towards closing by October 31, 2025. Attached as **Exhibit "42"** is a copy of the October 1, 2025 email from Mr. Zanatta to Grace Billot and Harpreet Rosodi at National Bank.

42. On November 25, 2025, Mr. Zanatta advised that the transaction was still being negotiated and that the parties were close to signing the agreement. Attached as **Exhibit "43"** is a copy of the November 25, 2025 email from Mr. Zanatta to Devika Vaghadia at National Bank.

43. On March 2, 2026, Mr. Zanatta provided National Bank with a signed share purchase agreement that contemplated the purchaser, 1567420 B.C. Ltd., acquiring 64% of the shares in Novo Textile with a closing date of March 17, 2026. Mr. Zanatta further advised that the transaction would result in the full repayment of the Novo Textile Line of Credit and Special Credit and taxes for 2026. The transaction did not complete, and National Bank was not repaid. Attached as **Exhibit "44"** is a copy of Mr. Zanatta's March 2, 2026 email together with a copy of the share purchase agreement.

44. On June 12, 2026, Mr. Zanatta provided National Bank with a copy of a non-binding letter of intent that contemplated the purchaser, 54 North Asset Management Ltd., acquiring all of the shares in Novo Textile. Mr. Zanatta advised that the transaction would result in the repayment of the debt owed by Novo Textile, and the target closing date of the transaction was June 30, 2026 but acknowledged the realistic timing would be July 15, 2026. Mr. Zanatta further advised that commercial mortgages to be funded by Vancity (which I understand to be Vancouver City Savings Credit Union) in parallel to the transaction would result in the repayment of the debts owed by Zanatta and Zanatta 2. Attached as **Exhibit**

"45" is a copy of the non-binding letter of intent. Attached as **Exhibit "46"** is a copy of my email exchange with Mr. Zanatta with respect to this transaction. During this exchange, I inquired about the status of the Borrowers' financial information. Mr. Zanatta advised that he would provide the information shortly; however, we have not received anything.

45. On July 7, 2026, the Borrowers' solicitor advised that the share purchase agreement with 54 North Asset Management Ltd. remained under negotiation and that a closing of mid-July could not be guaranteed. Attached as **Exhibit "47"** is an email exchange between Mr. Stephens and the Borrowers' solicitor, Leslie Wong, in this regard.

46. As set out above, the Zanatta Lands continue to be marketed for sale on C&W's website. This ongoing marketing activity is inconsistent with Mr. Zanatta's representation that the commercial mortgages would be repaid through refinancing.

47. Given the inordinate amount of time a share transaction has been under negotiation, the continually shifting closing dates, and the apparent inconsistency in the Borrowers' stated plan with respect to the repayment of the commercial mortgages, National Bank has serious doubts as to the viability of the current transaction and the Borrowers' ability to otherwise repay the indebtedness.

Need for the Appointment of a Receiver

48. As a result of the foregoing, National Bank has lost trust and confidence in the Borrowers' management and in their ability to manage and preserve the value of their business and the Lands. National Bank therefore seeks the appointment of a receiver to take possession of and secure the Lands, secure and maintain adequate insurance, preserve, collect and remit rental income generated from the Lands, bring priority payables current, collect accounts receivable, preserve going concern value (to the extent possible and considered prudent), and maximize recovery for stakeholders through a professional marketing and sales process.

Financial Information about the Borrowers

49. As set out above, the Borrowers have failed to provide required financial reporting, and National Bank has been unable to assess the Borrowers' current financial circumstances and business operations.

50. A receiver would be empowered to compile and obtain accurate and complete financial information regarding the Borrowers' business and operations, including current inventory levels, accounts receivable, equipment condition, and banking activity.

Realizing Value of Business as Going Concern

51. Relatedly, National Bank wishes to realize on the value of Borrowers' business, including inventory, accounts receivable, equipment, the Lands (to the extent they form part of the Borrowers' business), and their going concern value. I understand that there is no practical means of doing so absent the appointment of a receiver and without fulsome and accurate information about the Borrowers' finances and business operations.

Income from the Lands

52. As set out above, the Zanatta 2 Lands are occupied by a tenant, and the lease is set to expire in January 2027. It is unknown whether the lease is in default or whether the lease will continue beyond that date. Rental income from the tenant appears to have been diverted. A receiver would have the authority to collect and apply rental income in accordance with proper priorities, enforce the existing lease, and take steps to preserve the Lands as income-generating assets.

53. A receiver, if appointed, would be empowered to enforce the existing lease and collect and remit rent in accordance with proper priorities. Further, as the existing lease is nearing expiry, the receiver would be empowered to ensure continuity of the tenancy and minimize or eliminate any interruption in rental income, including through the negotiation of renewals or securing replacement tenants. This, in turn, would preserve the Lands' value as income-generating assets.

Protection of the Lands

54. The Borrowers have neglected or failed to provide evidence confirming that required insurance coverages are in place. If insurance for the Lands has lapsed, that places National Bank's security at significant risk. A receiver would ensure that the Lands are adequately protected and insured.

Marketing and Sale of the Lands

55. National Bank wishes to have the assistance of a receiver to develop and implement a sales process for the Lands to maximize recoveries. Given that the Lands are income-producing assets, the involvement of a receiver is necessary to mitigate or eliminate the risk of vacancies, mismanagement of leases, and the diversion of rental income.

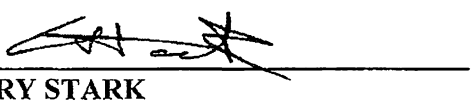
The Proposed Receiver

56. Deloitte is a licensed insolvency trustee and has substantial experience as a receiver and officer of the court, including in connection with appointments of this nature. Deloitte has consented to act as receiver and manager herein. Attached as **Exhibit "48"** is a copy of Deloitte's consent to act.

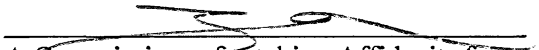
57. I acknowledge the solemnity of making this affidavit and acknowledge the consequences of making an untrue statement.

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

AFFIRMED BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 31st day of August 2026.



CORY STARK



A Commissioner for taking Affidavits for British Columbia

LILY Y. ZHANG
Barrister & Solicitor
P.O. Box 1
2900-733 SEYMOUR STREET
VANCOUVER, B.C. V6B 0S6
(604) 691-7571

This is Exhibit "**1**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of August 2026.

A Commissioner for taking Affidavits within British ~~Columbia~~

Docusign Envelope ID: 5167DC6D-98A8-44BE-AE84-6BF34C8947D5

NATIONAL BANK

October 30, 2024

NOVO TEXTILE COMPANY LTD.
Jason Michael Zanatta
10 King Edward Street #105
Coquitlam, British Columbia, V3K 4S8

Re: Offer of Financing

Dear Client,

At National Bank, offering tailored solutions is a priority. We are therefore pleased to present to **NOVO TEXTILE COMPANY LTD.** (the "Borrower") the following offer of financing:

	Financing product(s)	Amount	Status
A	Line of credit	Maximum $2,500,000.00 CAD	New
B	Non-revolving special credit for capital expenditures	Maximum $3,870,000.00 CAD	New
C	Mastercard credit cards	Maximum $50,000.00 CAD	New
D	Global net risk line for derivatives	Maximum $20,000.00 CAD	New

The offer of financing includes: the terms and conditions of the financing products, the required security, conditions, fees and other provisions set out in Schedule A.

This offer of financing is valid until November 30, 2024, before 5 p.m. To accept this offer, you must return a signed copy of it to us. After this date, the Bank may cancel or amend this offer without notifying you.

Yours truly,

Signed by:
Harpreet Rosodi
F4A1257948A4498...

Harpreet Rosodi
Manager
Commercial Banking

Signed by:
2F2074B61DF447D...

Devika Vaghadia
Associate Vice-President
Commercial Banking

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1. Financing products

A. Line of credit – $2,500,000.00

Purpose	Finance day-to-day operations
Interest rate	Canadian Prime Rate plus 0.50% per annum
Amount available	Determined according to the conditions set out in Section 3. Calculation of borrowing base coverage
Terms of use	Can be used and re-used as follows: > Floating-rate advances
Disbursement/ Repayment	In multiples of $1,000.00

B. Non-revolving special credit for capital expenditures – $3,870,000.00

Purpose	By way of several term loans: i) Repay outstanding balance of equipment loans (BDC and CWB) ii) Finance equity withdrawal based on equipment's net book value
Term	***If floating rate*** Maximum of 12 months as of the disbursement of each loan ***If fixe rate*** Maximum of 36 months as of the disbursement of each loan
Amortization	Maximum of 84 months for each loan
Applicable conditions	Disbursements by way of one or several term loans no later than March 30, 2025 Repayment of any term loan granted as part of this financing product must begin when the facility (term loan) has been fully disbursed or no later than March 30, 2025
Conditions applicable to each term loan	
Interest rate	Canadian Prime Rate plus 1.55% per annum Rate offered by the Bank when the loan is converted and accepted by the Borrower
Option to convert interest rate	Rate offered by the Bank when the loan is converted and accepted by the Borrower
Disbursement	Single disbursement to be made no later than March 30, 2025
Repayment	Of principal by monthly payments, the amount of which will be established on the disbursement date, with the balance payable in full at the end of the term

C. Mastercard credit cards – $50,000.00

Purpose	Finance day-to-day purchases made with credit cards

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D. Global net risk line for derivatives – $20,000.00

Purpose	Cover the Bank's net risks for the use of derivatives by the Borrower

2. Security

All the Borrower's obligations to the Bank must at all times be secured by all of the following security. However, the following table or security documents can provide for certain obligations to be secured by specific security. In all cases, the Borrower must sign the documentation required by the Bank.

Borrower

		Status	Related product(s)
General security agreement	1st ranking on all personal property	(to be obtained)	All
Specific security agreement	1st ranking on the property financed for each term loan disbursed under the terms of the financing product	(to be obtained)	B
Security Agreement	1st ranking on all intellectual property including without limitation all patents, trademarks and copyright	(to be obtained)	All

Guarantor

		Status	Related product(s)
Guarantee	In the amount of $1,610,000.00 from Jason Michael Zanatta	(to be obtained)	All
	Unlimited from ZANATTA SEABORNE HOLDINGS LTD.	(to be obtained)	All
	In the amount of $1,610,000.00 from ZANATTA FAMILY TRUST	(to be obtained)	All
	Unlimited from NOVO HOLDINGS CO. LTD.	(to be obtained)	All

The obligations resulting from the guarantee must at all times be secured by the following security:

General security agreement	1st ranking on all personal property of ZANATTA SEABORNE HOLDINGS LTD.	(to be obtained)	All
	1st ranking on all personal property of NOVO HOLDINGS CO. LTD.	(to be obtained)	All
Charge/ mortgage	1st ranking collateral mortgage in the amount of $2,100,000.00 on the real property of ZANATTA SEABORNE HOLDINGS LTD., located at 2130-950 Seaborne Avenue, Port Coquitlam, British Columbia, V3B 0R9	(to be obtained)	All

Other security, documents or agreements

		Status	Related product(s)
Subordination	By Jason Michael Zanatta relating to the redemption of all the shares and units of the Borrower and the payment of all claims and sums that are or will become due by the Borrower to Jason Michael Zanatta	(to be obtained)	All

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Subordination	By ZANATTA FAMILY TRUST relating to the redemption of all the shares and units of the Borrower and the payment of all claims and sums that are or will become due by the Borrower to ZANATTA FAMILY TRUST	(to be obtained)	All
	By NOVO HOLDINGS CO. LTD. relating to the redemption of all the shares and units of the Borrower and the payment of all claims and sums that are or will become due by the Borrower to NOVO HOLDINGS CO. LTD.	(to be obtained)	All
Rider	Designating the Bank as the beneficiary of the proceeds of the insurance policy issued by an insurer recognized by the Bank under the terms and conditions accepted by the Bank, covering all the Borrower's insured claims	(to be obtained)	A
	Designating the Bank as the beneficiary of the proceeds of the insurance policies covering all property given as security, up to its full replacement value as well as a copy of the insurance policy	(to be obtained)	All
Other	Landlord waiver – 105–10 King Edward Street, Coquitlam, British Columbia	(to be obtained)	All

3. Conditions

The financing products are subject to the following specific conditions applicable to the borrower in addition to the conditions set out in Schedule A.

Calculation of borrowing base coverage

Amount available	Total advances made under the line of credit must never exceed, in principal, interest and fees, the lesser of the following amounts: the authorized amount of the line of credit or the total amount of: 80% of the Borrower's Canadian uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank 75% of the Borrower's US uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank 90% of the Borrower's Canadian and foreign net accounts receivable[1] insured by an insurer recognized by the Bank under the terms and conditions accepted by the Bank up to the maximum amount of liability set out in the coverage certificate from this insurer 85% of the Borrower's Canadian and US uninsured net accounts receivable[1] of less than 120 days and acceptable to the Bank owed by governmental and quasi-governmental organizations 50% of the Borrower's inventory[1] of raw materials and finished products of up to an amount not exceeding $1,500,000.00 Less: prior claims[1]

[1]As defined in Schedule A

Other applicable conditions

Presentation of documents	No later than the 20th day after the end of each month shall furnish: a list of its accounts receivable, a list of its accounts payable and a list of its inventory, with items classified by currency and age, as of the last day of the previous period

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Global Net Risk Line for Derivatives	Allows to conclude contracts with respect to: The sale or purchase of foreign currencies freely negotiated by the Bank up to a sub-limit in the amount of $20,000.00 and for a maximum term of 12 months Other treasury products offered by the Bank, subject to the conditions then set by the Bank

Financial conditions

The Borrower must provide:

Financial statements	Review engagement non-consolidated of the Borrower	Annually within 90 days of fiscal year-end
	Notice to reader (compilation engagement) non-consolidated of ZANATTA SEABORNE HOLDINGS LTD.	Annually within 90 days of fiscal year-end
	Notice to reader (compilation engagement) non-consolidated of ZANATTA SEABORNE 2 HOLDINGS LTD.	Annually within 90 days of fiscal year-end
	Notice to reader (compilation engagement) non-consolidated of NOVO HOLDINGS CO. LTD.	Annually within 90 days of fiscal year-end
	Interim non-consolidated	Quarterly and maximum 20 days after the end of each period

Financial ratios

The Borrower must comply with:

Working capital ratio[1]	Of at least: 1.20 to maintain , based on the interim financial statements non-consolidated
Fixed-charge coverage ratio[1]	Of at least: 1.20 to maintain , based on the annual financial statements combined with ZANATTA SEABORNE HOLDINGS LTD. and ZANATTA SEABORNE 2 HOLDINGS LTD.
Debt/equity ratio[1]	Of no more than: 3.00 to maintain , based on the annual financial statements combined with ZANATTA SEABORNE HOLDINGS LTD. and ZANATTA SEABORNE 2 HOLDINGS LTD.
Debt/equity ratio[1]	Of no more than: 2.50 to maintain , based on the interim financial statements non-consolidated

[1]As defined in Schedule A

Conditions required to disburse the financing products:

- Invoice or acquisition agreement for the assets acquired by the Borrower for the purchase of new equipment
- Leases between the Borrower, as Lessor, and its lessees, which leases, will not, in particular, contain any clause unfavourable to the Bank's security or any clause permitting the termination or cancellation thereof before term in the absence of the default of either of the parties;
- Written opinion of the legal advisors mandated by the Bank on the publication and rank of the security provided in this offer and confirming that the property given as security to the Bank located at 2130-950 Seaborne Avenue, Port Coquitlam, British Columbia, V3B 0R9 is the property of ZANATTA SEABORNE HOLDINGS LTD. , by good, valid and marketable title, and free and clear of all security and other charges
- Fire Insurance with respect to Novo group with National Bank of Canada first loss payee
- Banking operations (main bank account) of the borrowers must be transferred to National Bank of Canada within 45 days of disbursement.
- Opinion of the Bank's legal counsel, confirming that security* given is valid and enforceable and can be used to secure the obligations, satisfactory to the Bank. *GSA over all assets, including Intellectual Property.

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- > Legal opinion about long-term contracts with PHSA (confirmation that there are no clauses which limit the Bank's rights Provide the Personal Net Worth)
- > Execution and delivery of security documents in accordance with the documents in use at the Bank and registration according to the ranking indicated herein

4. Fees

Negotiation fees	Payable on acceptance of this offer: $13,000.00
Review Fees	$2,000.00
Late payment or remittance fees	Collected monthly $100.00 - annual financial statements Collected monthly $100.00 - list of accounts receivable, list of accounts payable and list of inventory
Conditions follow-up fees	Monthly of $250.00
Other fees	See other fees in Schedule A

5. Complementary financial protection offer*

☒ The undersigned wish(es) to meet with an expert to analyze the financial protection needs of the owner, shareholder or officer of his (their) company. A financial planning advisor from National Bank Planning and Benefits will contact him (them) in the coming days to provide him (them) with more information.

☐ The undersigned refuse(s) to be contacted.

*This complementary financial protection offer is intended only to the borrower's representative(s)

6. Acceptance

The undersigned confirms having read and understood this offer and Schedule A which forms an integral part of the offer, and accepts all terms, conditions, security and obligations.

Signed at Vancouver Province of Select British Columbia on the ____ day of Select 2024-10-31 20___.

NOVO TEXTILE COMPANY LTD.

By: Signed by: Jason Zanatta D2DC8A0EE4504DA... Jason Michael Zanatta

jasonz@novoshield.ca
Email address

By: _____

Email address

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Guarantor(s)

The undersigned confirms/confirm having read and understood this offer and Schedule A which forms part of this offer, and hereby accepts/accept the terms, conditions and obligations hereof. 2024-10-31

Signed at _____ Province of Select British Columbia on the ____ day of Select ____ 20___.

Signed by:
Jason Zanatta
D2BC3A0EE4594DA...
Jason Michael Zanatta

jasonz@novoshield.ca
Email address

ZANATTA SEABORNE HOLDINGS LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA...
Jason Michael Zanatta

jasonz@novoshield.ca
Email address

By: _____
Email address

NOVO HOLDINGS CO. LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA...
Jason Michael Zanatta

jasonz@novoshield.ca
Email address

By: _____
Email address

ZANATTA FAMILY TRUST, acting through its authorized trustees

By: Signed by: Jason Zanatta D2BC3A0EE4594DA...
Jason Michael Zanatta
Trustee

By: _____
[First and last name]
Trustee

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SCHEDULE A

Offer of Financing of National Bank of Canada

Conditions governing financing products

Disbursement and repayment conditions

The Borrower may have a financing product disbursed or renewed when:

1. The conditions set out in the offer of financing (and any other agreement between the Borrower and the Bank, if applicable) have been met;
2. The required charges and fees have been paid;
3. Any document required by the Bank has been signed and given to it;
4. Security interests have been registered, with the applicable rank, when required; and
5. No material unfavourable change has occurred.

Disbursements and repayments must be made on the dates set out in this offer; otherwise, the Bank may, at its discretion, refuse to make any disbursement. If a payment is payable on a non-business day, the payment will be made on the next business day.

Demand financing products

Products covered. The demand financing products are as follows: line of credit, line of credit with temporary operating credit, line of credit in CAD$ by way of account overdrafts, line of credit in USD$ by way of account overdrafts, line of credit for letters of guarantee, line of credit for letters of credit, letter of guarantee, letter of credit, demand loan, Mastercard credit, credit for the financing of tax credits, credit for the financing of taxes, electronic funds transfer settlement risk, settlement risk for accounts held at the Bank's New York City branch.

The following also constitute demand financing products: bridge financing with option to convert to term loan for the portion of the credit not converted at term; credit for capital expenditures for the undisbursed credit portion; global net risk line for derivatives for the portion of risk for which there is no contract between the Bank and the Borrower.

Notion. Demand financing products are payable by the Borrower at any time at the Bank's sole discretion. The Bank may therefore at any time, before or after a request for repayment to the Borrower, terminate these products and stop making new advances, without delay or notice to the Borrower. These products are payable at any time, in full or in part, without penalties.

Annual fee. The Borrower must pay an annual review fee for any demand financing product in effect on the anniversary date of this offer.

Overrun of the available amount. When the used amount of a financing product exceeds the amount available as set out in this offer, the Borrower must immediately repay the difference. If the Bank were to temporarily tolerate such overrun, it could require:

1. The immediate payment of a lump sum so that the amount used is equal to or less than the available amount;
2. That new investments, securities or other financial assets be given as security.

The Borrower will then have to pay the Bank fees of 1% on the overrun amount, with minimum fees of $100.00.

If the Bank does not tolerate the overrun, the Borrower must repay in full the balance of the financing product, plus all fees and interest accrued.

Overrun of the authorized amount. When the amount owed by the Borrower exceeds the authorized amount of the financing product, the Borrower must immediately repay the excess amount to the Bank. If the Bank tolerates the overrun, the Borrower must pay the applicable fees.

Deposits to the Bank. The Borrower will have to deposit all of the amounts from the operations of its business, including accounts receivable, in its current account held at the Bank.

Separate agreements. Certain financing products are also governed by separate agreements: Mastercard credit card, letter of guarantee or letter of credit, global net risk line for derivatives and electronic funds transfer settlement risk.

For these products, the Borrower must meet all the conditions set out in this offer, as well as the conditions set out in any applicable separate agreement.

Approval. The approval of each request to issue, renew or extend a letter of credit or a letter of guarantee or a transaction request related to the global net risk line for derivatives or electronic funds transfer settlement risk remains subject to the Bank's sole discretion.

Specific rules: letters of guarantee and letters of credit. A written notice will be sent 30 days before the effective date of any change to the fees set out in the Import Export Products and Services Fee Guide to all borrowers having used Import-Export products and services at least twice over the 12 months preceding the change in question; otherwise, the most recent version of this guide will be available on demand in branches or from the Borrower's Account Manager.

The amount of credit available under which the letter of guarantee or letter of credit is issued will be reduced by 100% of the amount of the letters of guarantee and the percentages(s) set out in this offer for letters of credit. Upon payment, this letter becomes a floating-rate advance under the credit affected by the issue.

Global net risk line for derivatives. The global line allows the Borrower to enter into contracts with the Bank with respect to:

1. Interest rate derivatives;
2. The sale or purchase of foreign currencies freely negotiated by the Bank;
3. Commodity derivatives; or
4. Other treasury products offered by the Bank.

The amount of the risk of each transaction will be determined by the Bank in accordance with the applicable level of risk and fee schedule then in effect at the Bank.

The agreements related to this product are: the declaration of the risks relating to credit with interest rate swaps, the foreign currency conversion agreement, the *International Swap and Derivatives Association* (ISDA) master agreement, the *Credit Support Annex* (CSA) agreement and the confirmation, as applicable, of any transaction.

Term financing products

Products covered. The term financing products are as follows: term loan, non-revolving special credit for capital expenditures (when disbursed), revolving term credit, term loan granted under the *Canada Small Business Financing Act*, bridge financing with option to convert to a term loan (when converted), Agri Flex financing and mortgage loan.

Verbal agreements for certain terms and conditions. The Borrower and the Bank can verbally agree on the following terms and conditions: term extension, new term, applicable interest rate, payment method and payment dates.

The product remains subject to the other conditions then applicable.

These terms and conditions may be confirmed to the Borrower and the guarantor by email or by regular mail.

Neither the Bank nor the Borrower are obligated to extend the term of a product. At the end of the term, the Borrower can repay the product in full and the Bank can request repayment of the product.

Annual fee. The Borrower must pay an annual review fee for any term financing product (except for a term loan granted under the *Canada Small Business Financing Act* for which the first disbursement was made prior to April 1, 2014) in effect on the anniversary date of this offer.

Application of payments. The Bank may, at its discretion, apply any payment first to the interest and then to the principal or any other amount owed by the Borrower.

When the Bank temporarily tolerates a late payment, the Borrower will pay the Bank late fees according to the established payment frequency. These fees will be calculated at the rate of 2.00% on the amount of the late payment until this payment is made is full, with minimum fees of $10.00 per payment.

Option to convert a floating rate to a fixed rate. When offered and approved, the following conditions apply to this option:

1. The Borrower may exercise or renew it (when the fixed-rate period expires) with a prior written notice to the Bank of at least two business days;
2. The fixed-rate period will be no less than 12 months without exceeding the term of the product.

If the Borrower does not exercise the option, the fixed rate reverts to the floating rate applicable to the product concerned.

Repayment before the end of the term

☐ **Floating-rate disbursements.** The Borrower may repay the amounts disbursed if the repayment is made from the Borrower's excess generated funds or through a capital stock issue. If the repayment comes from other sources, the Bank will apply a penalty of three months' interest on the repaid principal and withhold this penalty from the Borrower's repayment.

☐ Partial repayments will be applied to the final payment of principal or interest or any other amount owed by the Borrower, at the Bank's discretion.

☐ **Fixed-rate disbursements.** The Borrower cannot repay, without the Bank's consent, all or part of the amounts disbursed before the end of the term.

If the Bank consents to accept such repayment, the Borrower will pay the Bank on the repayment date a sum corresponding to the greater of the following two amounts:

1. Three months' interest, calculated on the repayment amount and at the interest rate of the term financing product; or
2. The excess of (i) the interest that the repayment would generate at the interest rate of this financing product during the period remaining between the repayment date and the end of the term, on (ii) the interest that the repayment amount would generate during the same period at the rate in effect at the Bank on the repayment date for a new financing product of a similar nature and for a term corresponding to this period.

This amount will also be payable for any repayment required by the Bank before the end of the term further to an event of default stipulated herein, including any repayment resulting from the realization of security or a claim under an insolvency law.

The purpose of the above amount payable is, in particular, to compensate the Bank for the loss of income suffered as a result of the repayment before the end of the term.

☐ **Annual repayment option**. When offered, this option allows the Borrower to make a non-cumulative repayment before the end of the term, up to 15% of the original disbursed amount of the covered product as of the first anniversary date of the final disbursement, without penalty. Such repayment must come from the Borrower's generated funds or through a capital stock issue increase, and will be applied without any change to the original method of payment, which will remain in force.

Cost overrun. The Bank may stop disbursing on any project that results in an overrun of the costs initially planned, until these costs are assumed by the Borrower and its shareholders, partners and affiliated companies.

Representations and warranties

The Borrower and any guarantor hereby represent and warrant to the Bank the truth and accuracy of the following:

☐ **Legal existence.** It is duly constituted and organized, validly existing and operating in accordance with the laws applicable to it.

☐ **Power and capacity.** It has the required power and capacity to execute this offer and the security documents, and perform its obligations under these documents.

- ☐ **Compliance with obligations.** It complies with its contractual obligation towards the Bank and any other party.
- ☐ **Commercial activities.** The Borrower contracts the financing covered by this offer for its commercial activities.
- ☐ **Financial information.** The balance sheet, the most recent financial statements and other financial information submitted to the Bank are true, accurate and complete, and fairly represent the current financial situation of the Borrower. They are prepared based on generally accepted accounting principles established by the Accounting Standards Board.
- ☐ **Ownership of property.** It has good and marketable title to all its property, which is free and clear of any prior claims, security or other similar encumbrances, except for those already granted in favour of a third party.
- ☐ **Litigation.** It is not involved in any dispute or legal proceedings which could have a material impact on its financial position or on its capacity to operate its company.
- ☐ **Taxes and duties.** It has paid (or will pay at expiry) all the taxes and duties that it is bound to pay or that are imposed on its property, without subrogation or payment agreement.

Covenants

The Borrower and any guarantor undertake to:

- ☐ **Continuation of the company**. Maintain the existence of its company and not modify its corporate structure.
- ☐ **Purpose of financing**. Use the financing product for the purposes set out in this offer.
- ☐ **Information and documents**. Provide the Bank with any information or document that the Bank may reasonably request and ensure that this information or these documents, regardless of the medium (paper, electronic, verbal or other) and whether or not they are signed by a representative, be accurate so that the Bank may deem them to be validly issued without further formality.
- ☐ **Security.** Grant to the Bank any additional security that it may require from time to time.
- ☐ **Visit and access**. At all times, give the Bank's representatives or mandataries/agents the right to visit and access its establishments, the right to examine its books of account and other records, and take excerpts therefrom or make copies thereof.
- ☐ **Insurance.** Maintain insurance coverage on its property against loss or damages caused by fire and any other risk as is customarily maintained by the same type of company.
- ☐ **Environment.**
  1. Comply with all legal requirements regarding the protection of the environment with respect to its property and all the sites where it operates its company;
  2. Provide, at its expense and upon request from the Bank, any information or report concerning its environmental situation or any neighbouring property; and
  3. Indemnify the Bank for any damage or any liability which it may incur as a result of non-compliance with legal requirements.

  These covenants will survive the cancellation of the security or the full and final payment of any amount owing by the Borrower to the Bank.
- ☐ **Events of default.** Notify the Bank, without delay, of any event of default or any other event which, following notice or the expiry of a time period, may constitute an event of default.
- ☐ **Survival of representations and warranties.** Ensure that each representation and warranty set out in this document remain true and accurate at all times.

The Borrower and any guarantor undertake to obtain the consent of the Bank before they:

- ☐ **Distributions and loans**. Grant advances or any type of distribution to its officers, directors, shareholders, partners, members or related parties.
- ☐ **Guarantees**. Grant financial assistance, make an investment or provide a guarantee to a third party other than a subsidiary.
- ☐ **Nature of business**. Modify the nature of its operations or its company.
- ☐ **Change to project**. Significantly modify a project financed by the Bank.
- ☐ **Merger.** Amalgamate with any other company or continue its existence in another jurisdiction.
- ☐ **Disposal of property and change of control**. Sell a substantial portion of its property, allow any change in the share ownership, ownership or capital structure of the Borrower.
- ☐ **Restrictions on assignment**. Assign its rights hereunder, or hypothecate, encumber or otherwise give as security any of its movable or immovable property.

Default

The occurrence of one or more of the following events will constitute an event of default:

1. The Borrower fails to pay any amount owed to the Bank.
2. The Borrower or any guarantor has made a false representation or warranty.
3. The Borrower or any guarantor did not comply with its commitments and obligations towards the Bank under this offer or the security documents.
4. The Borrower or any guarantor becomes insolvent or is declared bankrupt.
5. The Borrower or any guarantor avails itself of a law governing its bankruptcy, restructuring, reorganization, dissolution, winding-up, arrangement, or a third party initiates proceedings towards the Borrower under said law.
6. A receiver, interim receiver or trustee is appointed with respect to the Borrower, the guarantor or its property.
7. The property of the Borrower or guarantor is subject to a seizure/foreclosure proceeding, prior notice of the exercise of a hypothecary right, notice to withdraw authorization to collect claims or any other remedy exercised under laws governing security interests.
8. The Borrower or any guarantor is in default under the terms of any agreement with the Bank, any financial institution or government entity or any other creditor.

9. This offer and any other related document cannot remain in full force or security ceases to retain the rank set out in this offer.
10. A material unfavourable change occurs.

Remedies

In the event of default, the Bank may exercise the following remedy:

1. Terminate any financing product, declare liquid and payable all the Borrower's monetary obligations not yet due at that time and claim immediate payment of all amounts owing without further notice or demand;
2. Withhold any amount collected or received, including the balance of any proceeds from the realization on the security and apply it to any portion of the Borrower's indebtedness to the Bank;
3. Rights and remedies conferred by law and the documents related to this offer.

The rights and remedies are cumulative and not alternative. By omitting to exercise a remedy or notifying the Borrower of the occurrence of an event of default, the Bank does not waive its right to avail itself at a later date of this remedy or event of default.

Interest

Calculation.

1. Any interest is calculated on the daily balance and not in advance, as of the date the financing product is disbursed, on the basis of a 365-day year, except in cases where the interest is calculated on the basis of a 360-day year. For the purposes of the *Interest Act* (Canada), the annual rate corresponding to the rate calculated on this basis is equal to the rate thus calculated multiplied by the actual number of days included in the year concerned and divided by 365 days or by 360 days, as the case may be.
2. Unless otherwise stipulated, the interest is payable monthly as follows:
   - for every demand financing product: on the 26th day of each month, with minimum fees of $10.00;
   - for the revolving term loan not converted into a term loan and the line of credit resulting from Agri Flex financing: on the 26th day of each month;
   - for any other term financing product: on the 1st day of each month.

   Despite the minimum interest charges, the interest payable (or any amount considered interest under the law) can never exceed the maximum interest amount permitted by law. If this maximum were to be reached, the interest amount would be reduced as to not exceed this maximum.
3. Any amount that is not paid at maturity will bear interest at the rate of the financing product concerned. The interest on arrears will be compounded monthly and payable on demand.
4. If the interest rate applicable to the financing product concerned is less than zero, it will be deemed to be zero.

Post-default interest. Any amount disbursed by the Bank to realize, maintain or preserve any right or security will bear interest until payment at the Bank's Canadian prime rate plus 3% per annum.

Miscellaneous provisions

Assignment. The Bank may assign or transfer all or part of its rights and obligations under this offer (or grant participations), without notifying the Borrower or any guarantor.

Closing fees. Unless otherwise provided by law, the Borrower must pay administration and management fees in the amount of $250.00 upon closure of each financing product.

Security fees. The Borrower must pay the fees for the preparation and registration of security documents (whether or not the financing is disbursed), as set out in the table below, as well as for the protection and exercise of security interests.

Activity	Fee
Preparation and registration of a movable security/personal property security (e.g., hypothec, security agreement and security provided under section 427 of the Bank Act)	$350.00
Preparation and registration of a marine mortgage	$350.00
Preparation and notification of a hypothec or an assignment with respect to a life insurance policy	$250.00
Preparation and registration of a cession of rank for movable security/personal property security	$250.00
Renewal of registration of movable security/personal property security	$250.00
Consultation of the provincial register of personal and movable rights or personal property system and/or request for a certified statement of registration from the register	$100.00
Preparation and registration of an amendment to a registered movable/personal property security, except a discharge	$250.00
Preparation of an assignment of debt agreement, of a set-off and security agreement with respect to deposits, of a blocked account agreement, or security agreement in securities. These fees include registration, if required.	$250.00

Charges. The Borrower must pay, on demand, professional fees and expenses incurred by the Bank to put in place its financing products (e.g., appraisal, audit, notary and lawyer fees, fees in connection with the surety bond and guarantee provided by a partner).

Additional costs. If a statute, regulation, administrative policy or order results in an increase in the cost of the credit for the Bank (namely as a result of the imposition of reserves, taxes or capital adequacy requirements for the Bank), the Borrower undertakes to pay the Bank, on demand, the amount of the resulting additional cost.

Currency of payments. The Borrower must pay all amounts due under this offer to the Bank in the currency of the relevant financing product. If an amount in Canadian dollars is to be converted into or expressed in U.S. dollars, or the equivalent in U.S. dollars (or inversely) must be determined, the Bank may calculate

this conversion or equivalence in accordance with its usual practices.

Set-off. In addition to its other rights, the Bank may offset any amount owed by the Borrower to the Bank with any amount owed by the Bank to the Borrower, even is this amount is not due or is payable in another currency. To proceed with this set-off, the Bank may debit any account held by the Borrower or a guarantor with the Bank.

Indemnification. The Borrower and any guarantor must indemnify the Bank (including its officers, directors, employees and agents) against any damages and costs suffered or incurred by the Bank and claims brought against the Bank resulting from or related to, directly or indirectly, this offer.
This obligation will survive the cancellation of the security or full and final payment of any amount owing by the Borrower to the Bank.

Notices. The Borrower or the guarantor must submit any notice intended for the Bank in writing to the mailing address indicated in this offer.

Records. The Bank will keep records evidencing the transactions performed. These records are presumed to provide evidence as to the indebtedness of the Borrower towards the Bank.
The following changes to or processing of the Bank's records will not result in the novation of financing products or the Borrower's indebtedness towards the Bank:

1. Any conversion of advances, rates or loans set out in this offer;
2. Any change in the name or number of a financing product.

Scope. This offer:

1. Constitutes the final agreement between the parties and supersedes any previous verbal or written agreement related to the financing products offered;
2. Is made without novation to other financing products already granted to the Borrower (not covered by this offer) and related security; these other financing products remain unchanged if otherwise modified herein.

Counterparts. This offer may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by fax, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this offer signed by the Borrower or the guarantor (including by electronic signature) has the same effect as if the Borrower or guarantor had manually delivered to the Bank a copy of this offer signed by it. Such electronic counterparts are deemed to be originals.

Collection, use and disclosure of information. The Borrower, any guarantor, as well as their respective representatives authorize the Bank to:

1. Use the necessary information it holds or could hold about them for the purposes of granting credit and insurance products (where permitted by law) or for the purposes of the guarantee;
2. Disclose this information to its affiliates and subsidiaries for this same purpose;
3. Obtain personal information pertaining to them from any party likely to have such information (financial intermediaries, depositaries, credit-reporting agencies, financial institutions, creditors, employers, professionals, tax authorities, public entities, persons with whom they have business relations, and Bank affiliates and subsidiaries) in order to verify the accuracy of all information provided to the Bank from time to time and to ensure the solvency of the Borrower, any guarantor, and their respective representative.

Governing law and jurisdiction. This offer will be construed and interpreted in accordance with the laws of the province where the Bank branch is located, as indicated in this offer.

The courts of this province will have jurisdiction over any dispute related to this offer and the exercise of any resulting remedy.

Language. The Borrower and any guarantor confirm it is their wish that this offer and all related documents be drawn up in English. *L'Emprunteur et toute caution confirment leur volonté que la présente offre et tous les documents s'y rattachant soient rédigés en anglais.*

Definitions

"Business day" means any day, other than Saturday or Sunday, on which the offices of the Bank are open in the province identified in the last section herein titled "Governing law and jurisdiction."

"Canadian Prime Rate" (P) or **"U.S. Base Rate" (US BR)** means the annual floating interest rate announced publicly by the Bank from time to time, notably on its website at www.nbc.ca and used to determine the interest rates applicable to commercial loans in Canadian or U.S. dollars granted by the Bank in Canada, as the case may be.

"Excess generated funds": [net income + amortization +/- deferred income taxes for a given fiscal year] - [principal payments made during the given fiscal year].

"Material unfavourable change" means a change, situation or event producing an effect deemed unfavourable by the Bank on (1) the inherent risk in the financing (2) the situation (financial or other), operations, property or company of the Borrower or guarantor (3) the capacity of the Borrower or guarantor to meet its obligations to the Bank (4) the property given as security or the security given on this property (5) the rights and remedies of the Bank under this offer and any related document.

"Net accounts receivable" means the accounts receivable, excluding holdbacks receivable, contra or inter-company accounts, accounts of doubtful quality and other accounts receivable excluded from the calculation of the available amount, in accordance with the Bank's internal policy.

"Net inventory" means the inventory, excluding the inventory affected by the vendor's lien and other inventory excluded from the calculation of the available amount, in accordance with the Bank's internal policies.

"Priors claims" means any claim which, under any legislation, regulation or other instrument, ranks prior to or may rank prior to the Bank's security. Without limiting the foregoing, prior claims include, in particular, any amount owing to a federal, provincial, municipal or other government authority or crown corporation, any actual or deemed trust, or trust created under legislation, any amount withheld or deduction at source, any accrued and unpaid salary, including any vacation pay, and any amounts due to any person with a right, charge or a trust ranking prior to the Bank's security.

"Rate offered" means the annual interest rate determined from time to time by the Bank, for the term chosen by the Borrower, as being the fixed interest rate applicable to its commercial fixed-rate term loans granted by the Bank in Canada for the same term.

Financial ratios

The financial ratios set out herein are defined as follows.

Working capital ratio:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations and/or investments in affiliated companies or corporations and/or closely held companies

Current liabilities

Working capital:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations or investments in affiliated companies or corporations and/or closely held companies – current liabilities

Fixed charge coverage ratio:
EBITDA (excluding extraordinary items) – dividends, withdrawals or other forms of distributions to members or partners – redemption of shares or units – purchase of non-financed tangible and intangible fixed assets +/- investment contributions or redemptions +/- advances to directors, employees and shareholders, and affiliated companies and corporations

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio:
EBITDA (excluding extraordinary items)

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio (Real estate):
Net operating income

Interest charges + principal payments made during the given fiscal year

Ratio of interest-bearing to EBITDA:
Total of interest-bearing debts

EBITDA (excluding extraordinary items)

Debt/equity ratio:
Total liabilities – future long-term income taxes – subordinated debt

Tangible net worth
OR
Net worth (specifically for a sole proprietorship)

"Net worth": Total assets – total liabilities.

"EBITDA": Earnings + interest + amortization +/– current/deferred income taxes.

"Interest-bearing debt": Sum of bank debt, long-term debt, interest bearing balance of sale, capital lease obligations, guarantees in favour of third parties net of cash held by the Borrower.

"Subordinated debt": Any debt of the Borrower, its subsidiaries or affiliated companies or corporations towards one of their shareholders, partners, members, subsidiaries or towards any affiliated company; and any preferred share issued and paid up by the Borrower redeemable at the holder's option, the payment of which is entirely subordinated to the sums due or that could become due to the Bank by the Borrower, its subsidiaries and affiliated companies or corporations.

"Net operating income": Total rental income based on existing leases (for the next 12 months) + other property income (recovery of taxes, parking, laundry) – expense related to the property.

"Tangible net worth"

For corporations:

Shareholders' equity (the sum of capital stock, retained earnings, contributed surplus) + future long-term income taxes – future income tax on long-term assets + subordinated debt – [unsubordinated redeemable shares + intangible assets + advances to directors, employees and shareholders + advances to affiliated companies or corporations + investments in affiliated companies or corporations and/or closely held companies].

Corporations without share capital:

Partners' equity (the sum of partners' contributions, retained earnings, contributed surplus) + future long-term income taxes + subordinated debt – [uninvoiced work in progress, unsubordinated redeemable units + intangible assets + advances to partners, directors and employees + advances to affiliated companies or corporations + loans granted by the Bank to partners for the purpose of financing their capital contribution in the Borrower + investments in affiliated companies or corporations and/or closely held companies].

For cooperatives or not-for-profit corporations:

Members' equity (capital stock + equity of the Borrower including the general reserve and retained surplus earnings (or accumulated deficits)) + future long-term income taxes + subordinated debt – [unsubordinated redeemable units + intangible assets + advances to directors, employees and members + advances to affiliated companies or corporations and/or closely held companies].

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NATIONAL BANK

April 15, 2025

NOVO TEXTILE COMPANY LTD.
Jason Michael Zanatta
800 - 885 Georgia Street
Vancour, British Columbia, V6C 3H1

Re: Letter of Amendment

Dear Client,

This letter is in reference to the offer of financing made by National Bank on October 30, 2024 and accepted by **NOVO TEXTILE COMPANY LTD.** (the "Borrower"), including all its renewals and amendments as well as its schedules (the "Offer of Financing").

The Bank agrees to amend the Offer of Financing as follows, with these amendments forming an integral part of the Offer of Financing.

The Bank also agrees to maintain the other credit facilities (not described herein) under the same terms and conditions, subject to the amendments and new conditions that may be set out herein.

This letter of amendment is subject to the same conditions as those in the Offer of Financing and existing security documents.

All the provisions, commitments and conditions stipulated in the Offer of Financing will continue to apply, subject to the changes and new conditions set out in this document, which will take precedence over any condition that is inconsistent with the Offer of Financing.

This letter of amendment is valid until May 15, 2025, before 5 p.m. To accept it, you must return a signed copy of the letter to us. After this date, the Bank may cancel or amend this document without notifying you.

Yours truly,

Signed by:
Harpreet Rosodi
E4A1257948A4498...
Harpreet Rosodi

Manager
Commercial Banking

Signed by:
2F2074B61DF447D...
Devika Vaghadia

Regional Vice-President
Commercial Banking

Docusign Envelope ID: B213961E-1E07-49BC-B0D4-EB3DA8145BBA

1.Financing products

Line of credit with temporary operating credit (product A)

	Offer of financing	Amendment
Amount	**Line of credit:** $2,500,000.00	**Line of credit:** $2,500,000.00 **Temporary operating credit:** $300,000.00
Interest rate	**Line of credit:** Canadian Prime Rate plus 0.50% per annum	**Line of credit:** Canadian Prime Rate plus 0.50% per annum **Temporary operating credit:** Canadian Prime Rate plus 0.5% per annum
Availability of temporary operating credit		From March 1st, 2025 to May 31st, 2025

2.Security

No change

3.Conditions

Calculation of borrowing coverage

	Offer of financing	Amendment
Amount available	Total advances made under the line of credit must never exceed, in principal, interest and fees, the lesser of the following amounts: the authorized amount of the line of credit or the total amount of:	Total advances made under the line of credit with temporary operating credit must never exceed, in principal, interest and fees, the lesser of the following amounts: the authorized amount of the line of credit with temporary operating credit or the total amount of:
	80% of the Borrower's Canadian uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank	80% of the Borrower's Canadian uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank
	75% of the Borrower's US uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank	75% of the Borrower's US uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank
	90% of the Borrower's Canadian and foreign net accounts receivable[1] insured by an insurer recognized by the Bank under the terms and conditions accepted by the Bank up to the maximum amount of liability set out in the coverage certificate from this insurer	90% of the Borrower's Canadian and foreign net accounts receivable[1] insured by an insurer recognized by the Bank under the terms and conditions accepted by the Bank up to the maximum amount of liability set out in the coverage certificate from this insurer
	85% of the Borrower's Canadian and US uninsured net accounts receivable[1] of less than 120 days and acceptable to the Bank	85% of the Borrower's Canadian and US uninsured net accounts receivable[1] of less than 120 days and acceptable to the Bank owed by governmental and quasi-governmental organizations

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[redacted]	owed by governmental and quasi-governmental organizations 50% of the Borrower's inventory[1] of raw materials and finished products of up to an amount not exceeding $1,500,000.00 Less: prior claims[1]	50% of the Borrower's inventory[1] of raw materials and finished products of up to an amount not exceeding $1,680,000.00 Less: prior claims[1]

[1] As defined in Schedule A

4. Fees

Amendment fees	Payable on acceptance of this Offer: $0.00
Offer of financing	Amendment
Other fees	See other fees in Schedule A

5. Acceptance

The undersigned confirms having read and understood this letter of amendment and Schedule A which forms an integral part of the offer, and accepts all terms, conditions, security and obligations.

Signed at _____ Province of British Columbia on the ____ day of _____ 20____. 2025-04-15

NOVO TEXTILE COMPANY LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... By: _____

Jason Michael Zanatta

jasonz@novoshield.ca
Email address

_____
Email address

Guarantor(s)

The undersigned confirms/confirm having read and understood this letter of amendment and Schedule A which forms an integral part of the offer, and hereby accepts/accept the terms, conditions and obligations hereof.

Signed at _____ Province of British Columbia on the ____ day of April 20____. 2025-04-15

Signed by: Jason Zanatta D2BC3A0EE4594DA...

Jason Michael Zanatta

jasonz@novoshield.ca
Email address

NOVO HOLDINGS CO. LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... By: _____

Jason Michael Zanatta

jasonz@novoshield.ca
Email address

_____
Email address

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ZANATTA SEABORNE HOLDINGS LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... | By: _____

Jason Michael Zanatta

jasonz@novoshield.ca
Email address

Email address

ZANATTA FAMILY TRUST, acting through its authorized trustee

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... | By: _____

Jason Michale Zanatta
Trustee

First and last name
Trustee

SCHEDULE A

Offer of Financing of National Bank of Canada

Conditions governing financing products

Disbursement and repayment conditions

The Borrower may have a financing product disbursed or renewed when:

1. The conditions set out in the offer of financing (and any other agreement between the Borrower and the Bank, if applicable) have been met;
2. The required charges and fees have been paid;
3. Any document required by the Bank has been signed and given to it;
4. Security interests have been registered, with the applicable rank, when required; and
5. No material unfavourable change has occurred.

Disbursements and repayments must be made on the dates set out in this offer; otherwise, the Bank may, at its discretion, refuse to make any disbursement. If a payment is payable on a non-business day, the payment will be made on the next business day.

Demand financing products

Products covered. The demand financing products are as follows: line of credit, line of credit with temporary operating credit, line of credit in CAD$ by way of account overdrafts, line of credit in USD$ by way of account overdrafts, line of credit for letters of guarantee, line of credit for letters of credit, letter of guarantee, letter of credit, demand loan, Mastercard credit, credit for the financing of tax credits, credit for the financing of taxes, electronic funds transfer settlement risk, settlement risk for accounts held at the Bank's New York City branch.

The following also constitute demand financing products: bridge financing with option to convert to term loan for the portion of the credit not converted at term; credit for capital expenditures for the undisbursed credit portion; global net risk line for derivatives for the portion of risk for which there is no contract between the Bank and the Borrower.

Notion. Demand financing products are payable by the Borrower at any time at the Bank's sole discretion. The Bank may therefore at any time, before or after a request for repayment to the Borrower, terminate these products and stop making new advances, without delay or notice to the Borrower. These products are payable at any time, in full or in part, without penalties.

Annual fee. The Borrower must pay an annual review fee for any demand financing product in effect on the anniversary date of this offer.

Overrun of the available amount. When the used amount of a financing product exceeds the amount available as set out in this offer, the Borrower must immediately repay the difference. If the Bank were to temporarily tolerate such overrun, it could require:

1. The immediate payment of a lump sum so that the amount used is equal to or less than the available amount;
2. That new investments, securities or other financial assets be given as security.

The Borrower will then have to pay the Bank fees of 1% on the overrun amount, with minimum fees of $100.00.

If the Bank does not tolerate the overrun, the Borrower must repay in full the balance of the financing product, plus all fees and interest accrued.

Overrun of the authorized amount. When the amount owed by the Borrower exceeds the authorized amount of the financing product, the Borrower must immediately repay the excess amount to the Bank. If the Bank tolerates the overrun, the Borrower must pay the applicable fees.

Deposits to the Bank. The Borrower will have to deposit all of the amounts from the operations of its business, including accounts receivable, in its current account held at the Bank.

Separate agreements. Certain financing products are also governed by separate agreements: Mastercard credit card, letter of guarantee or letter of credit, global net risk line for derivatives and electronic funds transfer settlement risk.

For these products, the Borrower must meet all the conditions set out in this offer, as well as the conditions set out in any applicable separate agreement.

Approval. The approval of each request to issue, renew or extend a letter of credit or a letter of guarantee or a transaction request related to the global net risk line for derivatives or electronic funds transfer settlement risk remains subject to the Bank's sole discretion.

Specific rules: letters of guarantee and letters of credit. A written notice will be sent 30 days before the effective date of any change to the fees set out in the Import Export Products and Services Fee Guide to all borrowers having used Import-Export products and services at least twice over the 12 months preceding the change in question; otherwise, the most recent version of this guide will be available on demand in branches or from the Borrower's Account Manager.

The amount of credit available under which the letter of guarantee or letter of credit is issued will be reduced by 100% of the amount of the letters of guarantee and the percentages(s) set out in this offer for letters of credit. Upon payment, this letter becomes a floating-rate advance under the credit affected by the issue.

Global net risk line for derivatives. The global line allows the Borrower to enter into contracts with the Bank with respect to:

1. Interest rate derivatives;
2. The sale or purchase of foreign currencies freely negotiated by the Bank;
3. Commodity derivatives; or
4. Other treasury products offered by the Bank.

The amount of the risk of each transaction will be determined by the Bank in accordance with the applicable level of risk and fee schedule then in effect at the Bank.

The agreements related to this product are: the declaration of the risks relating to credit with interest rate swaps, the foreign currency conversion agreement, the *International Swap and Derivatives Association* (ISDA) master agreement, the *Credit Support Annex* (CSA) agreement and the confirmation, as applicable, of any transaction.

Term financing products

Products covered. The term financing products are as follows: term loan, non-revolving special credit for capital expenditures (when disbursed), revolving term credit, term loan granted under the *Canada Small Business Financing Act*, bridge financing with option to convert to a term loan (when converted), Agri Flex financing and mortgage loan.

Verbal agreements for certain terms and conditions. The Borrower and the Bank can verbally agree on the following terms and conditions: term extension, new term, applicable interest rate, payment method and payment dates.

The product remains subject to the other conditions then applicable.

These terms and conditions may be confirmed to the Borrower and the guarantor by email or by regular mail.

Neither the Bank nor the Borrower are obligated to extend the term of a product. At the end of the term, the Borrower can repay the product in full and the Bank can request repayment of the product.

Annual fee. The Borrower must pay an annual review fee for any term financing product (except for a term loan granted under the *Canada Small Business Financing Act* for which the first disbursement was made prior to April 1, 2014) in effect on the anniversary date of this offer.

Application of payments. The Bank may, at its discretion, apply any payment first to the interest and then to the principal or any other amount owed by the Borrower.

When the Bank temporarily tolerates a late payment, the Borrower will pay the Bank late fees according to the established payment frequency. These fees will be calculated at the rate of 2.00% on the amount of the late payment until this payment is made is full, with minimum fees of $10.00 per payment.

Option to convert a floating rate to a fixed rate. When offered and approved, the following conditions apply to this option:

1. The Borrower may exercise or renew it (when the fixed-rate period expires) with a prior written notice to the Bank of at least two business days;
2. The fixed-rate period will be no less than 12 months without exceeding the term of the product.

If the Borrower does not exercise the option, the fixed rate reverts to the floating rate applicable to the product concerned.

Repayment before the end of the term

> **Floating-rate disbursements.** The Borrower may repay the amounts disbursed if the repayment is made from the Borrower's excess generated funds or through a capital stock issue. If the repayment comes from other sources, the Bank will apply a penalty of three months' interest on the repaid principal and withhold this penalty from the Borrower's repayment.

> Partial repayments will be applied to the final payment of principal or interest or any other amount owed by the Borrower, at the Bank's discretion.

> **Fixed-rate disbursements.** The Borrower cannot repay, without the Bank's consent, all or part of the amounts disbursed before the end of the term.

If the Bank consents to accept such repayment, the Borrower will pay the Bank on the repayment date a sum corresponding to the greater of the following two amounts:

1. Three months' interest, calculated on the repayment amount and at the interest rate of the term financing product; or
2. The excess of (i) the interest that the repayment would generate at the interest rate of this financing product during the period remaining between the repayment date and the end of the term, on (ii) the interest that the repayment amount would generate during the same period at the rate in effect at the Bank on the repayment date for a new financing product of a similar nature and for a term corresponding to this period.

This amount will also be payable for any repayment required by the Bank before the end of the term further to an event of default stipulated herein, including any repayment resulting from the realization of security or a claim under an insolvency law.

The purpose of the above amount payable is, in particular, to compensate the Bank for the loss of income suffered as a result of the repayment before the end of the term.

> **Annual repayment option**. When offered, this option allows the Borrower to make a non-cumulative repayment before the end of the term, up to 15% of the original disbursed amount of the covered product as of the first anniversary date of the final disbursement, without penalty. Such repayment must come from the Borrower's generated funds or through a capital stock issue increase, and will be applied without any change to the original method of payment, which will remain in force.

Cost overrun. The Bank may stop disbursing on any project that results in an overrun of the costs initially planned, until these costs are assumed by the Borrower and its shareholders, partners and affiliated companies.

Representations and warranties

The Borrower and any guarantor hereby represent and warrant to the Bank the truth and accuracy of the following:

> **Legal existence.** It is duly constituted and organized, validly existing and operating in accordance with the laws applicable to it.

> **Power and capacity.** It has the required power and capacity to execute this offer and the security documents, and perform its obligations under these documents.

- **Compliance with obligations.** It complies with its contractual obligation towards the Bank and any other party.
- **Commercial activities.** The Borrower contracts the financing covered by this offer for its commercial activities.
- **Financial information.** The balance sheet, the most recent financial statements and other financial information submitted to the Bank are true, accurate and complete, and fairly represent the current financial situation of the Borrower. They are prepared based on generally accepted accounting principles established by the Accounting Standards Board.
- **Ownership of property.** It has good and marketable title to all its property, which is free and clear of any prior claims, security or other similar encumbrances, except for those already granted in favour of a third party.
- **Litigation.** It is not involved in any dispute or legal proceedings which could have a material impact on its financial position or on its capacity to operate its company.
- **Taxes and duties.** It has paid (or will pay at expiry) all the taxes and duties that it is bound to pay or that are imposed on its property, without subrogation or payment agreement.

Covenants

The Borrower and any guarantor undertake to:

- **Continuation of the company**. Maintain the existence of its company and not modify its corporate structure.
- **Purpose of financing**. Use the financing product for the purposes set out in this offer.
- **Information and documents**. Provide the Bank with any information or document that the Bank may reasonably request and ensure that this information or these documents, regardless of the medium (paper, electronic, verbal or other) and whether or not they are signed by a representative, be accurate so that the Bank may deem them to be validly issued without further formality.
- **Security.** Grant to the Bank any additional security that it may require from time to time.
- **Visit and access**. At all times, give the Bank's representatives or mandataries/agents the right to visit and access its establishments, the right to examine its books of account and other records, and take excerpts therefrom or make copies thereof.
- **Insurance.** Maintain insurance coverage on its property against loss or damages caused by fire and any other risk as is customarily maintained by the same type of company.
- **Environment.**
  1. Comply with all legal requirements regarding the protection of the environment with respect to its property and all the sites where it operates its company;
  2. Provide, at its expense and upon request from the Bank, any information or report concerning its environmental situation or any neighbouring property; and
  3. Indemnify the Bank for any damage or any liability which it may incur as a result of non-compliance with legal requirements.

  These covenants will survive the cancellation of the security or the full and final payment of any amount owing by the Borrower to the Bank.
- **Events of default.** Notify the Bank, without delay, of any event of default or any other event which, following notice or the expiry of a time period, may constitute an event of default.
- **Survival of representations and warranties.** Ensure that each representation and warranty set out in this document remain true and accurate at all times.

The Borrower and any guarantor undertake to obtain the consent of the Bank before they:

- **Distributions and loans**. Grant advances or any type of distribution to its officers, directors, shareholders, partners, members or related parties.
- **Guarantees.** Grant financial assistance, make an investment or provide a guarantee to a third party other than a subsidiary.
- **Nature of business**. Modify the nature of its operations or its company.
- **Change to project.** Significantly modify a project financed by the Bank.
- **Merger.** Amalgamate with any other company or continue its existence in another jurisdiction.
- **Disposal of property and change of control**. Sell a substantial portion of its property, allow any change in the share ownership, ownership or capital structure of the Borrower.
- **Restrictions on assignment**. Assign its rights hereunder, or hypothecate, encumber or otherwise give as security any of its movable or immovable property.

Default

The occurrence of one or more of the following events will constitute an event of default:

1. The Borrower fails to pay any amount owed to the Bank.
2. The Borrower or any guarantor has made a false representation or warranty.
3. The Borrower or any guarantor did not comply with its commitments and obligations towards the Bank under this offer or the security documents.
4. The Borrower or any guarantor becomes insolvent or is declared bankrupt.
5. The Borrower or any guarantor avails itself of a law governing its bankruptcy, restructuring, reorganization, dissolution, winding-up, arrangement, or a third party initiates proceedings towards the Borrower under said law.
6. A receiver, interim receiver or trustee is appointed with respect to the Borrower, the guarantor or its property.
7. The property of the Borrower or guarantor is subject to a seizure/foreclosure proceeding, prior notice of the exercise of a hypothecary right, notice to withdraw authorization to collect claims or any other remedy exercised under laws governing security interests.
8. The Borrower or any guarantor is in default under the terms of any agreement with the Bank, any financial institution or government entity or any other creditor.

9. This offer and any other related document cannot remain in full force or security ceases to retain the rank set out in this offer.
10. A material unfavourable change occurs.

Remedies

In the event of default, the Bank may exercise the following remedy:

1. Terminate any financing product, declare liquid and payable all the Borrower's monetary obligations not yet due at that time and claim immediate payment of all amounts owing without further notice or demand;
2. Withhold any amount collected or received, including the balance of any proceeds from the realization on the security and apply it to any portion of the Borrower's indebtedness to the Bank;
3. Rights and remedies conferred by law and the documents related to this offer.

The rights and remedies are cumulative and not alternative. By omitting to exercise a remedy or notifying the Borrower of the occurrence of an event of default, the Bank does not waive its right to avail itself at a later date of this remedy or event of default.

Interest

Calculation.

1. Any interest is calculated on the daily balance and not in advance, as of the date the financing product is disbursed, on the basis of a 365-day year, except in cases where the interest is calculated on the basis of a 360-day year. For the purposes of the *Interest Act* (Canada), the annual rate corresponding to the rate calculated on this basis is equal to the rate thus calculated multiplied by the actual number of days included in the year concerned and divided by 365 days or by 360 days, as the case may be.

   However, in the case of a fixed-rate financing product repayable by periodic blended installments of principal and interest, the interest for each day of any month is calculated on the basis of a month of 30.4375 days. For the purposes of the Interest Act (Canada), the annual rate equivalent for each day of any month to the financing product rate calculated on this basis is equal to the loan rate, multiplied by the actual number of days in the relevant month and divided by 30.4375.
2. Unless otherwise stipulated, the interest is payable monthly as follows:
   - for every demand financing product: on the 26th day of each month, with minimum fees of $10.00;
   - for the revolving term loan not converted into a term loan and the line of credit resulting from Agri Flex financing: on the 26th day of each month;
   - for any other term financing product: on the 1st day of each month.

   Despite the minimum interest charges, the interest payable (or any amount considered interest under the law) can never exceed the maximum interest amount permitted by law. If this maximum were to be reached, the interest amount would be reduced as to not exceed this maximum.
3. Any amount that is not paid at maturity will bear interest at the rate of the financing product concerned. The interest on arrears will be compounded monthly and payable on demand.
4. If the interest rate applicable to the financing product concerned is less than zero, it will be deemed to be zero.

Post-default interest. Any amount disbursed by the Bank to realize, maintain or preserve any right or security will bear interest until payment at the Bank's Canadian prime rate plus 3% per annum.

Miscellaneous provisions

Assignment. The Bank may assign or transfer all or part of its rights and obligations under this offer (or grant participations), without notifying the Borrower or any guarantor.

Closing fees. Unless otherwise provided by law, the Borrower must pay administration and management fees in the amount of $250.00 upon closure of each financing product.

Security fees. The Borrower must pay the fees for the preparation and registration of security documents (whether or not the financing is disbursed), as set out in the table below, as well as for the protection and exercise of security interests.

Activity	Fee
Preparation and registration of a movable security/personal property security (e.g., hypothec, security agreement and security provided under section 427 of the Bank Act)	$350.00
Preparation and registration of a marine mortgage	$350.00
Preparation and notification of a hypothec or an assignment with respect to a life insurance policy	$250.00
Preparation and registration of a cession of rank for movable security/personal property security	$250.00
Renewal of registration of movable security/personal property security	$250.00
Consultation of the provincial register of personal and movable rights or personal property system and/or request for a certified statement of registration from the register	$100.00
Preparation and registration of an amendment to a registered movable/personal property security, except a discharge	$250.00
Preparation of an assignment of debt agreement, of a set-off and security agreement with respect to deposits, of a blocked account agreement, or security agreement in securities. These fees include registration, if required.	$250.00

Charges. The Borrower must pay, on demand, professional fees and expenses incurred by the Bank to put in place its financing products (e.g., appraisal, audit, notary and lawyer fees, fees in connection with the surety bond and guarantee provided by a partner).

Additional costs. If a statute, regulation, administrative policy or order results in an increase in the cost of the credit for the Bank (namely as a result of the imposition of reserves, taxes or capital adequacy requirements for the Bank), the Borrower undertakes to

pay the Bank, on demand, the amount of the resulting additional cost.

Currency of payments. The Borrower must pay all amounts due under this offer to the Bank in the currency of the relevant financing product. If an amount in Canadian dollars is to be converted into or expressed in U.S. dollars, or the equivalent in U.S. dollars (or inversely) must be determined, the Bank may calculate this conversion or equivalence in accordance with its usual practices.

Set-off. In addition to its other rights, the Bank may offset any amount owed by the Borrower to the Bank with any amount owed by the Bank to the Borrower, even is this amount is not due or is payable in another currency. To proceed with this set-off, the Bank may debit any account held by the Borrower or a guarantor with the Bank.

Indemnification. The Borrower and any guarantor must indemnify the Bank (including its officers, directors, employees and agents) against any damages and costs suffered or incurred by the Bank and claims brought against the Bank resulting from or related to, directly or indirectly, this offer.
This obligation will survive the cancellation of the security or full and final payment of any amount owing by the Borrower to the Bank.

Notices. The Borrower or the guarantor must submit any notice intended for the Bank in writing to the mailing address indicated in this offer.

Records. The Bank will keep records evidencing the transactions performed. These records are presumed to provide evidence as to the indebtedness of the Borrower towards the Bank.
The following changes to or processing of the Bank's records will not result in the novation of financing products or the Borrower's indebtedness towards the Bank:

1. Any conversion of advances, rates or loans set out in this offer;
2. Any change in the name or number of a financing product.

Scope. This offer:

1. Constitutes the final agreement between the parties and supersedes any previous verbal or written agreement related to the financing products offered;
2. Is made without novation to other financing products already granted to the Borrower (not covered by this offer) and related security; these other financing products remain unchanged if otherwise modified herein.

Counterparts. This offer may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by fax, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this offer signed by the Borrower or the guarantor (including by electronic signature) has the same effect as if the Borrower or guarantor had manually delivered to the Bank a copy of this offer signed by it. Such electronic counterparts are deemed to be originals.

Collection, use and disclosure of information. The Borrower, any guarantor, as well as their respective representatives authorize the Bank to:

1. Use the necessary information it holds or could hold about them for the purposes of granting credit and insurance products (where permitted by law) or for the purposes of the guarantee;
2. Disclose this information to its affiliates and subsidiaries for this same purpose;
3. Obtain personal information pertaining to them from any party likely to have such information (financial intermediaries, depositaries, credit-reporting agencies, financial institutions, creditors, employers, professionals, tax authorities, public entities, persons with whom they have business relations, and Bank affiliates and subsidiaries) in order to verify the accuracy of all information provided to the Bank from time to time and to ensure the solvency of the Borrower, any guarantor, and their respective representative.

Governing law and jurisdiction. This offer will be construed and interpreted in accordance with the laws of the province or territory where the Borrower's place of business is located. If the Borrower's principal place of business is located outside Canada, this offer will be construed and interpreted in accordance with the laws of the province where the Bank branch is located, as indicated in this offer.

The courts of the province or territory specified above will have jurisdiction over any dispute related to this offer and the exercise of any resulting remedy.

Language. The Borrower and any guarantor confirm it is their wish that this offer and all related documents be drawn up in English. *L'Emprunteur et toute caution confirment leur volonté que la présente offre et tous les documents s'y rattachant soient rédigés en anglais.*

Definitions

"Business day" means any day, other than Saturday or Sunday, on which the offices of the Bank are open in the province identified in the last section herein titled "Governing law and jurisdiction."

"Canadian Prime Rate" (P) or **"U.S. Base Rate" (US BR)** means the annual floating interest rate announced publicly by the Bank from time to time, notably on its website at www.nbc.ca and used to determine the interest rates applicable to commercial loans in Canadian or U.S. dollars granted by the Bank in Canada, as the case may be.

"Excess generated funds": [net income + amortization +/- deferred income taxes for a given fiscal year] - [principal payments made during the given fiscal year].

"Material unfavourable change" means a change, situation or event producing an effect deemed unfavourable by the Bank on (1) the inherent risk in the financing (2) the situation (financial or other), operations, property or company of the Borrower or guarantor (3) the capacity of the Borrower or guarantor to meet its obligations to the Bank (4) the property given as security or the security given on this property (5) the rights and remedies of the Bank under this offer and any related document.

"Net accounts receivable" means the accounts receivable, excluding holdbacks receivable, contra or inter-company accounts, accounts of doubtful quality and other accounts receivable excluded from the calculation of the available amount, in accordance with the Bank's internal policy.

"Net inventory" means the inventory, excluding the inventory affected by the vendor's lien and other inventory excluded from the calculation of the available amount, in accordance with the Bank's internal policies.

"Priors claims" means any claim which, under any legislation, regulation or other instrument, ranks prior to or may rank prior to the Bank's security. Without limiting the foregoing, prior claims include, in particular, any amount owing to a federal, provincial, municipal or other government authority or crown corporation, any actual or deemed trust, or trust created under legislation, any amount withheld or deduction at source, any accrued and unpaid salary, including any vacation pay, and any amounts due to any person with a right, charge or a trust ranking prior to the Bank's security.

"Rate offered" means the annual interest rate determined from time to time by the Bank, for the term chosen by the Borrower, as being the fixed interest rate applicable to its commercial fixed-rate term loans granted by the Bank in Canada for the same term.

Financial ratios

The financial ratios set out herein are defined as follows.

Working capital ratio:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations and/or investments in affiliated companies or corporations and/or closely held companies

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Current liabilities

Working capital:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations or investments in affiliated companies or corporations and/or closely held companies – current liabilities

Fixed charge coverage ratio:
EBITDA (excluding extraordinary items) – dividends, withdrawals or other forms of distributions to members or partners – redemption of shares or units – purchase of non-financed tangible and intangible fixed assets +/- investment contributions or redemptions +/- advances to directors, employees and shareholders, and affiliated companies and corporations

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Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio:
EBITDA (excluding extraordinary items)

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio (Real estate):
Net operating income

Interest charges + principal payments made during the given fiscal year

Ratio of interest-bearing to EBITDA:
Total of interest-bearing debts

EBITDA (excluding extraordinary items)

Debt/equity ratio:
Total liabilities – future long-term income taxes – subordinated debt

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Tangible net worth
OR
Net worth (specifically for a sole proprietorship)

"Net worth": Total assets – total liabilities.

"EBITDA": Earnings + interest + amortization +/– current/deferred income taxes.

"Interest-bearing debt": Sum of bank debt, long-term debt, interest bearing balance of sale, capital lease obligations, guarantees in favour of third parties net of cash held by the Borrower.

"Subordinated debt": Any debt of the Borrower, its subsidiaries or affiliated companies or corporations towards one of their shareholders, partners, members, subsidiaries or towards any affiliated company; and any preferred share issued and paid up by the Borrower redeemable at the holder's option, the payment of which is entirely subordinated to the sums due or that could become due to the Bank by the Borrower, its subsidiaries and affiliated companies or corporations.

"Net operating income": Total rental income based on existing leases (for the next 12 months) + other property income (recovery of taxes, parking, laundry) – expense related to the property.

"Tangible net worth"

For corporations:

Shareholders' equity (the sum of capital stock, retained earnings, contributed surplus) + future long-term income taxes – future income tax on long-term assets + subordinated debt – [unsubordinated redeemable shares + intangible assets + advances to directors, employees and shareholders + advances to affiliated companies or corporations + investments in affiliated companies or corporations and/or closely held companies].

Corporations without share capital:

Partners' equity (the sum of partners' contributions, retained earnings, contributed surplus) + future long-term income taxes + subordinated debt – [uninvoiced work in progress, unsubordinated redeemable units + intangible assets + advances to partners, directors and employees + advances to affiliated companies or corporations + loans granted by the Bank to partners for the purpose of financing their capital contribution in the Borrower + investments in affiliated companies or corporations and/or closely held companies].

For cooperatives or not-for-profit corporations:

Members' equity (capital stock + equity of the Borrower including the general reserve and retained surplus earnings (or accumulated deficits)) + future long-term income taxes + subordinated debt – [unsubordinated redeemable units + intangible assets + advances to directors, employees and members + advances to affiliated companies or corporations and/or closely held companies]

docusign

Certificate Of Completion

Envelope Id: B213961E-1E07-49BC-B0D4-EB3DA8145BBA
Status: Completed
Subject: Complete with Docusign: 2025-04-15 OL Amend - pdf.pdf, Schedule A.pdf
*Modèle(s) appliqué(s)? / Template(s) applied?: Oui / Yes
Source Envelope:
Document Pages: 10
Signatures: 7
Certificate Pages: 3
Initials: 0
AutoNav: Enabled
EnvelopeId Stamping: Enabled
Time Zone: (UTC-05:00) Eastern Time (US & Canada)

Envelope Originator:
Grace Billot
600, De la Gauchetiere Street West
Montreal, QC H3B 5B1
grace.billot@nbc.ca
IP Address: 163.116.141.108

Record Tracking

Status: Original
4/15/2025 7:06:43 PM
Holder: Grace Billot
grace.billot@nbc.ca
Location: DocuSign

Signer Events	Signature	Timestamp
Harpreet Rosodi harpreet.rosodi@nbc.ca Security Level: Email, Account Authentication (None)	Signed by: Harpreet Rosodi E4A1257948A4498... Signature Adoption: Pre-selected Style Using IP Address: 163.116.141.106	Sent: 4/15/2025 7:09:40 PM Viewed: 4/15/2025 7:13:55 PM Signed: 4/15/2025 7:14:07 PM
Electronic Record and Signature Disclosure: Accepted: 10/30/2024 1:48:27 PM ID: 216063d4-4c45-4928-8568-760724ad8543		
Devika Vaghadia devika.vaghadia@nbc.ca Security Level: Email, Account Authentication (None)	Signed by: 2F2074B61DF447D... Signature Adoption: Uploaded Signature Image Using IP Address: 163.116.141.106	Sent: 4/15/2025 7:14:08 PM Viewed: 4/15/2025 7:21:39 PM Signed: 4/15/2025 7:22:29 PM
Electronic Record and Signature Disclosure: Accepted: 10/31/2024 12:25:28 PM ID: 22474472-b594-4bd4-87bd-a5e227d4463b		
Jason Zanatta jasonz@novoshield.ca Novo Textile Company Ltd. Security Level: Email, Account Authentication (None), Authentication	Signed by: Jason Zanatta D2BC3A0EE4594DA... Signature Adoption: Pre-selected Style Using IP Address: 70.68.175.50	Sent: 4/15/2025 7:22:30 PM Viewed: 4/15/2025 7:35:47 PM Signed: 4/15/2025 7:38:10 PM

Authentication Details
SMS Auth:
Transaction: 13a6dd78-4849-42e7-a188-b126870c5deb
Result: passed
Vendor ID: TeleSign
Type: SMSAuth
Performed: 4/15/2025 7:35:36 PM
Phone: +1 604-812-9385

Electronic Record and Signature Disclosure:
Accepted: 4/15/2025 7:35:47 PM
ID: fb7b53d9-adaa-44ab-9b0c-cba0db2ed16f

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp
Agent Delivery Events	**Status**	**Timestamp**
Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Sanaz Shadnia sanaz.shadnia@nbc.ca Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 7/31/2024 6:10:48 PM ID: 0e2e7104-da26-44b6-ace1-f6857b28f63a	**COPIED**	Sent: 4/15/2025 7:38:12 PM
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	4/15/2025 7:09:40 PM
Certified Delivered	Security Checked	4/15/2025 7:35:47 PM
Signing Complete	Security Checked	4/15/2025 7:38:10 PM
Completed	Security Checked	4/15/2025 7:38:12 PM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

Any agreement signed using DocuSign will be deemed as duly and validly delivered and be deemed to be an original and valid document and will have the same legal effect as an agreement signed by hand. Electronic signatures will be deemed originals and compliant with applicable law.

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NATIONAL BANK

July 28th, 2025

NOVO TEXTILE COMPANY LTD.
885 W Georgia St #800
Vancouver, British Columbia V6C 3H1

Re: Letter of Amendment

Dear Client,

This letter is in reference to the offer of financing made by National Bank on October 30th, 2024 and accepted by **NOVO TEXTILE COMPANY LTD.** (the "Borrower"), including all its renewals and amendments as well as its schedules (the "Offer of Financing").

The Bank agrees to amend the Offer of Financing as follows, with these amendments forming an integral part of the Offer of Financing.

The Bank also agrees to maintain the other credit facilities (not described herein) under the same terms and conditions, subject to the amendments and new conditions that may be set out herein.

This letter of amendment is subject to the same conditions as those in the Offer of Financing and existing security documents.

All the provisions, commitments and conditions stipulated in the Offer of Financing will continue to apply, subject to the changes and new conditions set out in this document, which will take precedence over any condition that is inconsistent with the Offer of Financing.

This letter of amendment is valid until August 28th, 2025, before 5 p.m. To accept it, you must return a signed copy of the letter to us. After this date, the Bank may cancel or amend this document without notifying you.

Yours truly,

Signed by:
Harpreet Rosodi
E4A1257948A4498...
Harpreet Rosodi

Manager
Commercial Banking

Signed by:
2F2074B61DF447D...
Devika Vaghadia

Associate Vice-President
Commercial Banking

Docusign Envelope ID: B5DAC026-B2B4-49B4-89DD-3696F1A07200

AMENDMENT

1. Financing products

Line of credit (product A)

	Offer of financing	Amendment
Amount	**Line of credit**: $2,500,000.00 **Temporary operating credit**: $300,000.00	**Line of credit**: $2,800,000.00

2.Security

No change

3.Conditions

Other applicable conditions

	Offer of financing	Amendment
Other.		- Dividends, bonus or Advances to shareholders subject to pro0forma satisfaction of financial covenants, and the Bank's approval

Calculation of borrowing coverage

	Offer of financing	Amendment
Amount available	Total advances made under the line of credit with temporary operating credit must never exceed, in principal, interest and fees, the lesser of the following amounts: the authorized amount of the line of credit or the line of credit with temporary operating credit or the total amount of: 80.00% of the Borrower's Canadian uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank 75.00% of the Borrower's Canadian uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank 90.00% of the Borrower's Canadian and foreign net accounts receivable[1] insured by an insurer recognized by the Bank under the terms and conditions accepted by the Bank up to the maximum amount of liability set out in the coverage certificate from this insurer	Total advances made under the line of credit must never exceed, in principal, interest and fees, the lesser of the following amounts: the authorized amount of the line of credit or the total amount of: 80.00% of the Borrower's Canadian uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank 75.00% of the Borrower's Canadian uninsured net accounts receivable[1] of less than 90 days and acceptable to the Bank 90.00% of the Borrower's Canadian and foreign net accounts receivable[1] insured by an insurer recognized by the Bank under the terms and conditions accepted by the Bank up to the maximum amount of liability set out in the coverage certificate from this insurer

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[redacted]	85.00% of the Borrower's Canadian and US uninsured net accounts receivable[1] of less than 120 days and acceptable to the Bank owed by governmental and quasi-governmental organizations	85.00% of the Borrower's Canadian and US uninsured net accounts receivable[1] of less than 120 days and acceptable to the Bank owed by governmental and quasi-governmental organizations
	50.00% of the Borrower's inventory[1] of raw materials and finished products of up to an amount not exceeding $1,680,000.00	50.00% of the Borrower's inventory[1] of raw materials and finished products of up to an amount not exceeding $1,700,000.00
	Less: prior claims[1]	Less: prior claims[1]

[1] As defined in Schedule A

Conditions required to disburse the financing products

The other conditions stipulated in the Offer of Financing will continue to apply, subject to the amendments and new conditions set out below.

	Offer of financing	Amendment
[redacted]		Prior to funding increase to $2,800,000.00, client commits in writing to cancel declared Bonus of 500K$ to be paid in year end statements. Prior to funding increase to $2,800,000.00, obtain a letter from accounting firm MNP confirming that income taxes are up to date.

4. Fees

Amendment fees	Payable on acceptance of this Offer: $2,000.00
Other fees	See other fees in Schedule A

5. Acceptance

The undersigned confirms having read and understood this letter of amendment and Schedule A which forms an integral part of the offer, and accepts all terms, conditions, security and obligations.

Signed at _____ Province of British Columbia _____ on the ____ day of 2025-08-12 _____ 20____.

NOVO TEXTILE COMPANY LTD.

Signed by:
Jason Zanatta
D2BC3A0EE4594DA...

By: Jason Zanatta _____ By: _____

jasonz@novoshield.ca _____

[Email address] [Email address]

Docusign Envelope ID: B5DAC026-B2B4-49B4-89DD-3696F1A07200

Guarantor(s)

The undersigned confirms/confirm having read and understood this letter of amendment or letter of amendment and extension of term and Schedule A which forms an integral part of the offer, and hereby accepts/accept the terms, conditions and obligations hereof.

2025-08-12

Signed at _____ Province of British Columbia on the ____ day of Select... 20___.

Signed by:
Jason Zanatta
D2BC3A0EE4594DA...
Jason Michael Zanatta

jasonz@novoshield.ca
Email Address

NOVO HOLDINGS CO. LTD.

Signed by:
Jason Zanatta
D2BC3A0EE4594DA...
By: Jason Zanatta

jasonz@novoshield.ca
Email address

By: _____

Email address

ZANATTA SEABORNE HOLDINGS LTD.

Signed by:
Jason Zanatta
D2BC3A0EE4594DA...
By: Jason Zanatta

jasonz@novoshield.ca
Email address

By: _____

Email address

ZANATTA FAMILY TRUST, acting through its authorized trustees

Signed by:
Jason Zanatta
D2BC3A0EE4594DA...
By: [First and last name] Jason Zanatta
Trustee

jasonz@novoshield.ca
[Email address]

By: _____

[First and last name]
Trustee

[Email address]

SCHEDULE A

Offer of Financing of National Bank of Canada

Conditions governing financing products

Disbursement and repayment conditions

The Borrower may have a financing product disbursed or renewed when:

1. The conditions set out in the offer of financing (and any other agreement between the Borrower and the Bank, if applicable) have been met;
2. The required charges and fees have been paid;
3. Any document required by the Bank has been signed and given to it;
4. Security interests have been registered, with the applicable rank, when required; and
5. No material unfavourable change has occurred.

Disbursements and repayments must be made on the dates set out in this offer; otherwise, the Bank may, at its discretion, refuse to make any disbursement. If a payment is payable on a non-business day, the payment will be made on the next business day.

Demand financing products

Products covered. The demand financing products are as follows: line of credit, line of credit with temporary operating credit, line of credit in CAD$ by way of account overdrafts, line of credit in USD$ by way of account overdrafts, line of credit for letters of guarantee, line of credit for letters of credit, letter of guarantee, letter of credit, demand loan, Mastercard credit, credit for the financing of tax credits, credit for the financing of taxes, electronic funds transfer settlement risk, settlement risk for accounts held at the Bank's New York City branch.

The following also constitute demand financing products: bridge financing with option to convert to term loan for the portion of the credit not converted at term; credit for capital expenditures for the undisbursed credit portion; global net risk line for derivatives for the portion of risk for which there is no contract between the Bank and the Borrower.

Notion. Demand financing products are payable by the Borrower at any time at the Bank's sole discretion. The Bank may therefore at any time, before or after a request for repayment to the Borrower, terminate these products and stop making new advances, without delay or notice to the Borrower. These products are payable at any time, in full or in part, without penalties.

Annual fee. The Borrower must pay an annual review fee for any demand financing product in effect on the anniversary date of this offer.

Overrun of the available amount. When the used amount of a financing product exceeds the amount available as set out in this offer, the Borrower must immediately repay the difference. If the Bank were to temporarily tolerate such overrun, it could require:

1. The immediate payment of a lump sum so that the amount used is equal to or less than the available amount;
2. That new investments, securities or other financial assets be given as security.

The Borrower will then have to pay the Bank fees of 1% on the overrun amount, with minimum fees of $100.00.

If the Bank does not tolerate the overrun, the Borrower must repay in full the balance of the financing product, plus all fees and interest accrued.

Overrun of the authorized amount. When the amount owed by the Borrower exceeds the authorized amount of the financing product, the Borrower must immediately repay the excess amount to the Bank. If the Bank tolerates the overrun, the Borrower must pay the applicable fees.

Deposits to the Bank. The Borrower will have to deposit all of the amounts from the operations of its business, including accounts receivable, in its current account held at the Bank.

Separate agreements. Certain financing products are also governed by separate agreements: Mastercard credit card, letter of guarantee or letter of credit, global net risk line for derivatives and electronic funds transfer settlement risk.

For these products, the Borrower must meet all the conditions set out in this offer, as well as the conditions set out in any applicable separate agreement.

Approval. The approval of each request to issue, renew or extend a letter of credit or a letter of guarantee or a transaction request related to the global net risk line for derivatives or electronic funds transfer settlement risk remains subject to the Bank's sole discretion.

Specific rules: letters of guarantee and letters of credit. A written notice will be sent 30 days before the effective date of any change to the fees set out in the Import Export Products and Services Fee Guide to all borrowers having used Import-Export products and services at least twice over the 12 months preceding the change in question; otherwise, the most recent version of this guide will be available on demand in branches or from the Borrower's Account Manager.

The amount of credit available under which the letter of guarantee or letter of credit is issued will be reduced by 100% of the amount of the letters of guarantee and the percentages(s) set out in this offer for letters of credit. Upon payment, this letter becomes a floating-rate advance under the credit affected by the issue.

Global net risk line for derivatives. The global line allows the Borrower to enter into contracts with the Bank with respect to:

1. Interest rate derivatives;
2. The sale or purchase of foreign currencies freely negotiated by the Bank;
3. Commodity derivatives; or
4. Other treasury products offered by the Bank.

The amount of the risk of each transaction will be determined by the Bank in accordance with the applicable level of risk and fee schedule then in effect at the Bank.

The agreements related to this product are: the declaration of the risks relating to credit with interest rate swaps, the foreign currency conversion agreement, the *International Swap and Derivatives Association* (ISDA) master agreement, the *Credit Support Annex* (CSA) agreement and the confirmation, as applicable, of any transaction.

Term financing products

Products covered. The term financing products are as follows: term loan, non-revolving special credit for capital expenditures (when disbursed), revolving term credit, term loan granted under the *Canada Small Business Financing Act*, bridge financing with option to convert to a term loan (when converted), Agri Flex financing and mortgage loan.

Verbal agreements for certain terms and conditions. The Borrower and the Bank can verbally agree on the following terms and conditions: term extension, new term, applicable interest rate, payment method and payment dates.

The product remains subject to the other conditions then applicable.

These terms and conditions may be confirmed to the Borrower and the guarantor by email or by regular mail.

Neither the Bank nor the Borrower are obligated to extend the term of a product. At the end of the term, the Borrower can repay the product in full and the Bank can request repayment of the product.

Annual fee. The Borrower must pay an annual review fee for any term financing product (except for a term loan granted under the *Canada Small Business Financing Act* for which the first disbursement was made prior to April 1, 2014) in effect on the anniversary date of this offer.

Application of payments. The Bank may, at its discretion, apply any payment first to the interest and then to the principal or any other amount owed by the Borrower.

When the Bank temporarily tolerates a late payment, the Borrower will pay the Bank late fees according to the established payment frequency. These fees will be calculated at the rate of 2.00% on the amount of the late payment until this payment is made is full, with minimum fees of $10.00 per payment.

Option to convert a floating rate to a fixed rate. When offered and approved, the following conditions apply to this option:

1. The Borrower may exercise or renew it (when the fixed-rate period expires) with a prior written notice to the Bank of at least two business days;
2. The fixed-rate period will be no less than 12 months without exceeding the term of the product.

If the Borrower does not exercise the option, the fixed rate reverts to the floating rate applicable to the product concerned.

Repayment before the end of the term

> **Floating-rate disbursements.** The Borrower may repay the amounts disbursed if the repayment is made from the Borrower's excess generated funds or through a capital stock issue. If the repayment comes from other sources, the Bank will apply a penalty of three months' interest on the repaid principal and withhold this penalty from the Borrower's repayment.

> Partial repayments will be applied to the final payment of principal or interest or any other amount owed by the Borrower, at the Bank's discretion.

> **Fixed-rate disbursements.** The Borrower cannot repay, without the Bank's consent, all or part of the amounts disbursed before the end of the term.

If the Bank consents to accept such repayment, the Borrower will pay the Bank on the repayment date a sum corresponding to the greater of the following two amounts:

1. Three months' interest, calculated on the repayment amount and at the interest rate of the term financing product; or
2. The excess of (i) the interest that the repayment would generate at the interest rate of this financing product during the period remaining between the repayment date and the end of the term, on (ii) the interest that the repayment amount would generate during the same period at the rate in effect at the Bank on the repayment date for a new financing product of a similar nature and for a term corresponding to this period.

This amount will also be payable for any repayment required by the Bank before the end of the term further to an event of default stipulated herein, including any repayment resulting from the realization of security or a claim under an insolvency law.

The purpose of the above amount payable is, in particular, to compensate the Bank for the loss of income suffered as a result of the repayment before the end of the term.

> **Annual repayment option.** When offered, this option allows the Borrower to make a non-cumulative repayment before the end of the term, up to 15% of the original disbursed amount of the covered product as of the first anniversary date of the final disbursement, without penalty. Such repayment must come from the Borrower's generated funds or through a capital stock issue increase, and will be applied without any change to the original method of payment, which will remain in force.

Cost overrun. The Bank may stop disbursing on any project that results in an overrun of the costs initially planned, until these costs are assumed by the Borrower and its shareholders, partners and affiliated companies.

Representations and warranties

The Borrower and any guarantor hereby represent and warrant to the Bank the truth and accuracy of the following:

> **Legal existence.** It is duly constituted and organized, validly existing and operating in accordance with the laws applicable to it.

> **Power and capacity.** It has the required power and capacity to execute this offer and the security documents, and perform its obligations under these documents.

- **Compliance with obligations.** It complies with its contractual obligation towards the Bank and any other party.
- **Commercial activities.** The Borrower contracts the financing covered by this offer for its commercial activities.
- **Financial information.** The balance sheet, the most recent financial statements and other financial information submitted to the Bank are true, accurate and complete, and fairly represent the current financial situation of the Borrower. They are prepared based on generally accepted accounting principles established by the Accounting Standards Board.
- **Ownership of property.** It has good and marketable title to all its property, which is free and clear of any prior claims, security or other similar encumbrances, except for those already granted in favour of a third party.
- **Litigation.** It is not involved in any dispute or legal proceedings which could have a material impact on its financial position or on its capacity to operate its company.
- **Pension plans**. It has not established any defined-benefit pension plan, multi-employer pension plan or any type of pension plan other than a defined-contribution pension plan, except for plans that have been disclosed to the Bank prior to the Borrower's receipt of this offer. The pension plans comply with all legal and regulatory requirements, including tax laws and laws relating to retirement benefits.
- **Taxes and duties.** It has paid (or will pay at expiry) all the taxes, deductions at source and duties that it is bound to pay or that are imposed on its property, without subrogation or payment agreement.

Covenants

The Borrower and any guarantor undertake to:

- **Continuation of the company**. Maintain the existence of its company and not modify its corporate structure.
- **Purpose of financing**. Use the financing product for the purposes set out in this offer.
- **Information and documents.** Provide the Bank with any information or document that the Bank may reasonably request and ensure that this information or these documents, regardless of the medium (paper, electronic, verbal or other) and whether or not they are signed by a representative, be accurate so that the Bank may deem them to be validly issued without further formality.
- **Security.** Grant to the Bank any additional security that it may require from time to time.
- **Visit and access.** At all times, give the Bank's representatives or mandataries/agents the right to visit and access its establishments, the right to examine its books of account and other records, and take excerpts therefrom or make copies thereof.
- **Insurance.** Maintain insurance coverage on its property against loss or damages caused by fire and any other risk as is customarily maintained by the same type of company.
- **Pension plans.** Ensure compliance of pension plans with all laws relating to retirement benefits, including by covering any solvency deficits or unfunded pension plan liabilities, if applicable.
- **Environment.**
  1. Comply with all legal requirements regarding the protection of the environment with respect to its property and all the sites where it operates its company;
  2. Provide, at its expense and upon request from the Bank, any information or report concerning its environmental situation or any neighbouring property; and
  3. Indemnify the Bank for any damage or any liability which it may incur as a result of non-compliance with legal requirements.

  These covenants will survive the cancellation of the security or the full and final payment of any amount owing by the Borrower to the Bank.
- **Events of default**. Notify the Bank, without delay, of any event of default or any other event which, following notice or the expiry of a time period, may constitute an event of default.
- **Survival of representations and warranties.** Ensure that each representation and warranty set out in this document remain true and accurate at all times.

The Borrower and any guarantor undertake to obtain the consent of the Bank before they:

- **Distributions and loans**. Grant advances or any type of distribution to its officers, directors, shareholders, partners, members or related parties.
- **Guarantees**. Grant financial assistance, make an investment or provide a guarantee to a third party other than a subsidiary.
- **Nature of business**. Modify the nature of its operations or its company.
- **Change to project**. Significantly modify a project financed by the Bank.
- **Merger.** Amalgamate with any other company or continue its existence in another jurisdiction.
- **Disposal of property and change of control.** Sell a substantial portion of its property, allow any change in the share ownership, ownership or capital structure of the Borrower.
- **Restrictions on assignment**. Assign its rights hereunder, or hypothecate, encumber or otherwise give as security any of its movable or immovable property.
- **Pension plans.** Create, assume or implement a defined benefit pension plan or a multi-employer pension plan or any type of pension plan other than a defined-contribution pension plan.

Default

The occurrence of one or more of the following events will constitute an event of default:

1. The defined-benefit pension plan set up by the Borrower or the guarantor becomes deficient, and the Borrower has not remedied this deficit within the applicable deadlines since the date of valuation of the plan.
2. The Borrower fails to pay any amount owed to the Bank.
3. The Borrower or any guarantor has made a false representation or warranty.

4. The Borrower or any guarantor did not comply with its commitments and obligations towards the Bank under this offer or the security documents.
5. The Borrower or any guarantor becomes insolvent or is declared bankrupt.
6. The Borrower or any guarantor avails itself of a law governing its bankruptcy, restructuring, reorganization, dissolution, winding-up, arrangement, or a third party initiates proceedings towards the Borrower under said law.
7. A receiver, interim receiver or trustee is appointed with respect to the Borrower, the guarantor or its property.
8. The property of the Borrower or guarantor is subject to a seizure/foreclosure proceeding, prior notice of the exercise of a hypothecary right, notice to withdraw authorization to collect claims or any other remedy exercised under laws governing security interests.
9. The Borrower or any guarantor is in default under the terms of any agreement with the Bank, any financial institution or government entity or any other creditor.
10. This offer and any other related document cannot remain in full force or security ceases to retain the rank set out in this offer.
11. A material unfavourable change occurs.

Remedies

In the event of default, the Bank may exercise the following remedy:

1. Terminate any financing product, declare liquid and payable all the Borrower's monetary obligations not yet due at that time and claim immediate payment of all amounts owing without further notice or demand;
2. Withhold any amount collected or received, including the balance of any proceeds from the realization on the security and apply it to any portion of the Borrower's indebtedness to the Bank;
3. Rights and remedies conferred by law and the documents related to this offer.

The rights and remedies are cumulative and not alternative. By omitting to exercise a remedy or notifying the Borrower of the occurrence of an event of default, the Bank does not waive its right to avail itself at a later date of this remedy or event of default.

Interest

Calculation.

1. Any interest is calculated on the daily balance and not in advance, as of the date the financing product is disbursed, on the basis of a 365-day year, except in cases where the interest is calculated on the basis of a 360-day year. For the purposes of the *Interest Act* (Canada), the annual rate corresponding to the rate calculated on this basis is equal to the rate thus calculated multiplied by the actual number of days included in the year concerned and divided by 365 days or by 360 days, as the case may be.

   However, in the case of a fixed-rate financing product repayable by periodic blended installments of principal and interest, the interest for each day of any month is calculated on the basis of a month of 30.4375 days. For the purposes of the Interest Act (Canada), the annual rate equivalent for each day of any month to the financing product rate calculated on this basis is equal to the loan rate, multiplied by the actual number of days in the relevant month and divided by 30.4375.
2. Unless otherwise stipulated, the interest is payable monthly as follows:
   - for every demand financing product: on the 26th day of each month, with minimum fees of $10.00;
   - for the revolving term loan not converted into a term loan and the line of credit resulting from Agri Flex financing: on the 26th day of each month;
   - for any other term financing product: on the 1st day of each month.

   Despite the minimum interest charges, the interest payable (or any amount considered interest under the law) can never exceed the maximum interest amount permitted by law. If this maximum were to be reached, the interest amount would be reduced as to not exceed this maximum.
3. Any amount that is not paid at maturity will bear interest at the rate of the financing product concerned. The interest on arrears will be compounded monthly and payable on demand.
4. If the interest rate applicable to the financing product concerned is less than zero, it will be deemed to be zero.

Post-default interest. Any amount disbursed by the Bank to realize, maintain or preserve any right or security will bear interest until payment at the Bank's Canadian prime rate plus 3% per annum.

Miscellaneous provisions

Assignment. The Bank may assign or transfer all or part of its rights and obligations under this offer (or grant participations), without notifying the Borrower or any guarantor.

Closing fees. Unless otherwise provided by law, the Borrower must pay administration and management fees in the amount of $250.00 upon closure of each financing product.

Security fees. The Borrower must pay the fees for the preparation and registration of security documents (whether or not the financing is disbursed), as set out in the table below, as well as for the protection and exercise of security interests.

Activity	Fee
Preparation and registration of a movable security/personal property security (e.g., hypothec, security agreement and security provided under section 427 of the Bank Act)	$350.00
Preparation and registration of a marine mortgage	$350.00
Preparation and notification of a hypothec or an assignment with respect to a life insurance policy	$250.00
Preparation and registration of a cession of rank for movable security/personal property security	$250.00
Renewal of registration of movable security/personal property security	$250.00
Consultation of the provincial register of personal and movable rights or personal property system and/or request for a certified statement of registration from the register	$100.00
Preparation and registration of an amendment to a registered movable/personal property security,	$250.00

except a discharge	
Preparation of an assignment of debt agreement, of a set-off and security agreement with respect to deposits, of a blocked account agreement, or security agreement in securities. These fees include registration, if required.	$250.00

Charges. The Borrower must pay, on demand, professional fees and expenses incurred by the Bank to put in place its financing products (e.g., appraisal, audit, notary and lawyer fees, fees in connection with the surety bond and guarantee provided by a partner).

Additional costs. If a statute, regulation, administrative policy or order results in an increase in the cost of the credit for the Bank (namely as a result of the imposition of reserves, taxes or capital adequacy requirements for the Bank), the Borrower undertakes to pay the Bank, on demand, the amount of the resulting additional cost.

Currency of payments. The Borrower must pay all amounts due under this offer to the Bank in the currency of the relevant financing product. If an amount in Canadian dollars is to be converted into or expressed in U.S. dollars, or the equivalent in U.S. dollars (or inversely) must be determined, the Bank may calculate this conversion or equivalence in accordance with its usual practices.

Set-off. In addition to its other rights, the Bank may offset any amount owed by the Borrower to the Bank with any amount owed by the Bank to the Borrower, even is this amount is not due or is payable in another currency. To proceed with this set-off, the Bank may debit any account held by the Borrower or a guarantor with the Bank.

Indemnification. The Borrower and any guarantor must indemnify the Bank (including its officers, directors, employees and agents) against any damages and costs suffered or incurred by the Bank and claims brought against the Bank resulting from or related to, directly or indirectly, this offer.
This obligation will survive the cancellation of the security or full and final payment of any amount owing by the Borrower to the Bank.

Notices. The Borrower or the guarantor must submit any notice intended for the Bank in writing to the mailing address indicated in this offer.

Records. The Bank will keep records evidencing the transactions performed. These records are presumed to provide evidence as to the indebtedness of the Borrower towards the Bank.
The following changes to or processing of the Bank's records will not result in the novation of financing products or the Borrower's indebtedness towards the Bank:

1. Any conversion of advances, rates or loans set out in this offer;
2. Any change in the name or number of a financing product.

Scope. This offer:

1. Constitutes the final agreement between the parties and supersedes any previous verbal or written agreement related to the financing products offered;
2. Is made without novation to other financing products already granted to the Borrower (not covered by this offer) and related security; these other financing products remain unchanged if otherwise modified herein.

Counterparts. This offer may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by fax, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this offer signed by the Borrower or the guarantor (including by electronic signature) has the same effect as if the Borrower or guarantor had manually delivered to the Bank a copy of this offer signed by it. Such electronic counterparts are deemed to be originals.

Collection, use and disclosure of information. The Borrower, any guarantor, as well as their respective representatives authorize the Bank to:

1. Use the necessary information it holds or could hold about them for the purposes of granting credit and insurance products (where permitted by law) or for the purposes of the guarantee;
2. Disclose this information to its affiliates and subsidiaries for this same purpose;
3. Obtain personal information pertaining to them from any party likely to have such information (financial intermediaries, depositaries, credit-reporting agencies, financial institutions, creditors, employers, professionals, tax authorities, public entities, persons with whom they have business relations, and Bank affiliates and subsidiaries) in order to verify the accuracy of all information provided to the Bank from time to time and to ensure the solvency of the Borrower, any guarantor, and their respective representative.

Governing law and jurisdiction. This offer will be construed and interpreted in accordance with the laws of the province or territory where the Borrower's place of business is located. If the Borrower's principal place of business is located outside Canada, this offer will be construed and interpreted in accordance with the laws of the province where the Bank branch is located, as indicated in this offer.

The courts of the province or territory specified above will have jurisdiction over any dispute related to this offer and the exercise of any resulting remedy.

Language. The Borrower and any guarantor confirm it is their wish that this offer and all related documents be drawn up in English. *L'Emprunteur et toute caution confirment leur volonté que la présente offre et tous les documents s'y rattachant soient rédigés en anglais.*

Definitions

"Business day" means any day, other than Saturday or Sunday, on which the offices of the Bank are open in the province identified in the last section herein titled "Governing law and jurisdiction."

"Canadian Prime Rate" (P) or **"U.S. Base Rate" (US BR)** means the annual floating interest rate announced publicly by the Bank from time to time, notably on its website at www.nbc.ca and used to determine the interest rates applicable to commercial loans in Canadian or U.S. dollars granted by the Bank in Canada, as the case may be.

"Excess generated funds": [net income + amortization +/- deferred income taxes for a given fiscal year] - [principal payments made during the given fiscal year].

"Material unfavourable change" means a change, situation or event producing an effect deemed unfavourable by the Bank on (1) the inherent risk in the financing (2) the situation (financial or other), operations, property or company of the Borrower or guarantor (3) the capacity of the Borrower or guarantor to meet its obligations to the Bank (4) the property given as security or the security given on this property (5) the rights and remedies of the Bank under this offer and any related document.

"Net accounts receivable" means the accounts receivable, excluding holdbacks receivable, contra or inter-company accounts, accounts of doubtful quality and other accounts receivable excluded from the calculation of the available amount, in accordance with the Bank's internal policy.

"Net inventory" means the inventory, excluding the inventory affected by the vendor's lien and other inventory excluded from the calculation of the available amount, in accordance with the Bank's internal policies.

"Priors claims" means any claim which, under any legislation, regulation or other instrument, ranks prior to or may rank prior to the Bank's security. Without limiting the foregoing, prior claims include, in particular, any amount owing to a federal, provincial, municipal or other government authority or crown corporation, any actual or deemed trust, or trust created under legislation, any amount withheld or deduction at source, any accrued and unpaid salary, including any vacation pay, any amount owed to a defined-benefit pension plan, any amount required to cover a solvency deficit or unfunded liability of a defined-benefit pension plan and any amounts due to any person with a right, charge or a trust ranking prior to the Bank's security.

"Rate offered" means the annual interest rate determined from time to time by the Bank, for the term chosen by the Borrower, as being the fixed interest rate applicable to its commercial fixed-rate term loans granted by the Bank in Canada for the same term.

"Weighted average amortization" means the average (applicable) amortization of two or more properties financed, calculated based on the amount disbursed by the Bank to finance each of those properties.

Financial ratios

The financial ratios set out herein are defined as follows.

Working capital ratio:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations and/or investments in affiliated companies or corporations and/or closely held companies

Current liabilities

Working capital:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations or investments in affiliated companies or corporations and/or closely held companies – current liabilities

Fixed charge coverage ratio:
EBITDA (excluding extraordinary items) – dividends, withdrawals or other forms of distributions to members or partners – redemption of shares or units – purchase of non-financed tangible and intangible fixed assets +/- investment contributions or redemptions +/- advances to directors, employees and shareholders, and affiliated companies and corporations

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio:
EBITDA (excluding extraordinary items)

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio (Real estate):
Net operating income

Interest charges + principal payments made during the given fiscal year

Ratio of interest-bearing to EBITDA:
Total of interest-bearing debts

EBITDA (excluding extraordinary items)

Debt/equity ratio:
Total liabilities – future long-term income taxes – subordinated debt

Tangible net worth
OR
Net worth (specifically for a sole proprietorship)

"Net worth": Total assets – total liabilities.

"EBITDA": Earnings + interest + amortization +/– current/deferred income taxes.

"Interest-bearing debt": Sum of bank debt, long-term debt, interest bearing balance of sale, capital lease obligations, guarantees in favour of third parties net of cash held by the Borrower.

"Subordinated debt": Any debt of the Borrower, its subsidiaries or affiliated companies or corporations towards one of their shareholders, partners, members, subsidiaries or towards any affiliated company; and any preferred share issued and paid up by the Borrower redeemable at the holder's option, the payment of which is entirely subordinated to the sums due or that could become due to the Bank by the Borrower, its subsidiaries and affiliated companies or corporations.

"Net operating income": Total rental income based on existing leases (for the next 12 months) + other property income (recovery of taxes, parking, laundry) – expense related to the property.

"Tangible net worth"

For corporations:

Shareholders' equity (the sum of capital stock, retained earnings, contributed surplus) + future long-term income taxes – future income tax on long-term assets + subordinated debt – [unsubordinated redeemable shares + intangible assets + advances to directors, employees and shareholders + advances to affiliated companies or corporations + investments in affiliated companies or corporations and/or closely held companies].

Corporations without share capital:

Partners' equity (the sum of partners' contributions, retained earnings, contributed surplus) + future long-term income taxes +

subordinated debt – [uninvoiced work in progress, unsubordinated redeemable units + intangible assets + advances to partners, directors and employees + advances to affiliated companies or corporations + loans granted by the Bank to partners for the purpose of financing their capital contribution in the Borrower + investments in affiliated companies or corporations and/or closely held companies].

For cooperatives or not-for-profit corporations:
Members' equity (capital stock + equity of the Borrower including the general reserve and retained surplus earnings (or accumulated deficits)) + future long-term income taxes + subordinated debt – [unsubordinated redeemable units + intangible assets + advances to directors, employees and members + advances to affiliated companies or corporations and/or closely held companies]

docusign

Certificate Of Completion

Envelope Id: B5DAC026-B2B4-49B4-89DD-3696F1A07200 Status: Completed

Subject: Complete with Docusign: Amend Letter - Novo Textile Company Ltd July 28, 2025.pdf, Schedule A.doc

*Modèle(s) appliqué(s)? / Template(s) applied?: Oui / Yes

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Montreal, QC H3B 5B1
grace.billot@nbc.ca
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Electronic Record and Signature Disclosure: Accepted: 10/30/2024 1:48:27 PM ID: 216063d4-4c45-4928-8568-760724ad8543		
Devika Vaghadia devika.vaghadia@nbc.ca Security Level: Email, Account Authentication (None)	Signed by: 2F2074B81DF447D... Signature Adoption: Uploaded Signature Image Using IP Address: 163.116.130.95	Sent: 8/6/2025 11:44:55 AM Resent: 8/6/2025 12:34:57 PM Viewed: 8/6/2025 2:16:19 PM Signed: 8/6/2025 2:16:36 PM
Electronic Record and Signature Disclosure: Accepted: 10/31/2024 12:25:28 PM ID: 22474472-b594-4bd4-87bd-a5e227d4463b		
Jason Zanatta jasonz@novoshield.ca Novo Textile Company Ltd. Security Level: Email, Account Authentication (None), Authentication	Signed by: Jason Zanatta D2BC3A0EE4594DA... Signature Adoption: Pre-selected Style Using IP Address: 2604:3d08:d186:a100:ec47:3dfa:b78d:bbbb	Sent: 8/6/2025 2:16:37 PM Resent: 8/9/2025 5:48:14 PM Resent: 8/12/2025 11:19:44 AM Viewed: 8/12/2025 12:24:49 PM Signed: 8/12/2025 12:26:18 PM

Authentication Details

SMS Auth:
Transaction: 24e0f934-4365-4823-8eab-dc107f8f4621
Result: passed
Vendor ID: TeleSign
Type: SMSAuth
Performed: 8/9/2025 1:26:08 PM
Phone: +1 604-812-9385

Signer Events	Signature	Timestamp

SMS Auth:
Transaction: 234481a1-dea8-4935-afc2-52c5fdc057b1
Result: passed
Vendor ID: TeleSign
Type: SMSAuth
Performed: 8/12/2025 12:24:40 PM
Phone: +1 604-812-9385

Electronic Record and Signature Disclosure:
Accepted: 8/9/2025 1:26:24 PM
ID: fc0ed988-d888-4e68-8962-f6bed76fa522

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	**Status**	**Timestamp**
Agent Delivery Events	**Status**	**Timestamp**
Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	8/5/2025 7:57:28 PM
Certified Delivered	Security Checked	8/12/2025 12:24:49 PM
Signing Complete	Security Checked	8/12/2025 12:26:18 PM
Completed	Security Checked	8/12/2025 12:26:18 PM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

Any agreement signed using DocuSign will be deemed as duly and validly delivered and be deemed to be an original and valid document and will have the same legal effect as an agreement signed by hand. Electronic signatures will be deemed originals and compliant with applicable law.

This is Exhibit "**2**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Land Title Act

Mortgage

Part 1 Province of British Columbia

NEW WESTMINSTER LAND TITLE OFFICE
NOV 26 2024 14:29:04.001
CB1731800-CB1731801

1. Application

Document Fees: $162.54

Koffman Kalef LLP
19th Floor, 885 West Georgia Street
Vancouver BC V6C 3H4

Sanela Hadziavdic , Applicant's Agent
604-891-3801
File No. 41381-45 (JJA)

2. Description of Land

PID/Plan Number	Legal Description
031-181-368	**STRATA LOT 20 SECTION 8 RANGE 1 EAST NEW WESTMINSTER DISTRICT STRATA PLAN EPS7008**

3. Borrower(s) (Mortgagor(s))

ZANATTA SEABORNE HOLDINGS LTD. BC1271792
2130 - 955 SEABORNE AVENUE
PORT COQUITLAM BC V3B 0R9

4. Lender(s) (Mortgagee(s))

NATIONAL BANK OF CANADA
A Canadian Chartered Bank Having a Branch Office and
Postal Address at
475 HOWE STREET, 29TH FLOOR
VANCOUVER BC V6C 2B3

5. Payment Provisions

Principal Amount	Interest Rate	Interest Adjustment Date
$2,100,000.00	**25% PER ANNUM**	**N/A**
Interest Calculation Period	**Payment Dates**	**First Payment Date**
SEE SCHEDULE	**N/A**	**N/A**
Amount of each periodic payment	**Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is**	**Last Payment Date**
N/A	**N/A** % per annum	**N/A**
Assignment of Rents which the applicant wants registered?	**Place of payment**	**Balance Due Date**
Yes	**POSTAL ADDRESS IN ITEM 4 ABOVE.**	**ON DEMAND**

If yes, page and paragraph number:
PAGE 5, SECTION 11 OF D.F.
MT140002

6. Mortgage contains floating charge on land?

No

7. Mortgage secures a current or running account?

Yes

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Land Title Act

Mortgage

Part 1 Province of British Columbia

8. Interest Mortgaged

Fee Simple

9. Mortgage Terms

Part 2 of this mortgage consists of:

(b) Filed Standard Mortgage Terms D F Number: **MT140002**

A selection of (a) or (b) includes any additional or modified terms.

10. Additional or Modified Terms

N/A

11. Prior Encumbrances Permitted by Lender

SEE SCHEDULE

12. Execution(s)

This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Witnessing Officer Signature	Execution Date	Borrower / Party Signature(s)
Leslie Wong **Barrister & Solicitor** Clark Wilson LLP 900 - 885 West Georgia Street Vancouver BC V6C 3H1 T. 604-687-5700	YYYY-MM-DD **2024-11-14**	**ZANATTA SEABORNE HOLDINGS LTD.** By their Authorized Signatory **Per: Jason Zanatta**

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.C. 1996, c.124, 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.

Electronic Signature

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

Jimmy Mohammed Jamshed Alam GGF5P2

Digitally signed by Jimmy Mohammed Jamshed Alam GGF5P2 Date: 2024-11-26 13:43:19 -08:00

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LAND TITLE ACT

SCHEDULE

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

5. PAYMENT PROVISIONS:

(d) Interest Calculation Period:

The interest calculation period will be as set forth in the Standard Mortgage Terms.

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

COVENANTS CA7602737, CA7663020
STATUTORY RIGHTS OF WAY CA7865579, CA8180055, CA8180056

END OF DOCUMENT.

A. Registered in Alberta having Registration Number 142060214.

When the Property (as defined below) is in Alberta, the following set of Mortgage Terms shall be deemed to be included in and form part of every mortgage in which it is referred to by the above-mentioned Registration Number.

B. Filed in British Columbia pursuant to the Land Transfer Form Act, R.S.B.C. 1996. Part 3, c. 252, reference date: June 17, 2013. Registered in the Land Title Office, dated February 17, 2014, as Filing Number MT140002.

When the Property (as defined below) is in British Columbia, the following set of Mortgage Terms shall be deemed to be included in and form part of every mortgage in which it is referred to by the above-mentioned Filing Number, as provided in Section 225 of the Land Title Act, R.S.B.C. 1996, c. 250, as amended or replaced from time to time.

C. Filed in Manitoba as Serial Number 4460584/1.

When the Property (as defined below) is in Manitoba, the following set of Mortgage Terms shall be deemed to be included in and form part of every mortgage in which it is referred to by the above-mentioned Serial Number, as provided in Section 96(4) of The Real Property Act, RSM 1988, c. R30, as amended or replaced from time to time.

D. Registered in Saskatchewan having DSL Number 14DSL0000005.

When the Property (as defined below) is in Saskatchewan, the following set of Mortgage Terms shall be deemed to be included in and form part of every Mortgage in which it is referred to by the above-mentioned DSL Number.

1. MEANINGS AND DEFINITIONS

1.1 Definitions. In these Mortgage Terms:

"Agreement" means any agreement or document, now or in the future, that gives rise or relates to any Obligations, and any renewals, extensions, amendments, replacements, restatements and substitutions of such agreement or document.

"Applicable Laws" means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licenses, authorizations, approvals and all applicable common laws or equitable principles whether now or hereafter in force and effect.

"Costs" means all costs of the Mortgagee (and interest on all such costs from the date incurred until paid to the Mortgagee) for:

- **(i)** preparing, executing and registering any Agreement or this Mortgage and any such costs in extending credit to the Mortgagor or qualifying the Mortgagor for such purpose;
- **(ii)** enforcing the Mortgage or any Agreement;
- **(iii)** any protective disbursements or just allowances paid by the Mortgagee that may be added to the Obligations or are otherwise secured by this Mortgage;
- **(iv)** any Receiver or other Person appointed with similar powers (under this Mortgage or otherwise) and such Receiver's or Person's costs in regard to the Property;
- **(v)** obtaining assessments of the condition of the Property, such as environmental assessments;
- **(vi)** complying with any requirements of Applicable Laws in regard to the Property or the Mortgage;
- **(vii)** performing any of the obligations of the Mortgagor under the Mortgage or any Agreement, such as the costs incurred in removing any lien from title to the Property that is in breach of this Mortgage (whether or not having priority over the Mortgage) or paying Taxes; and
- **(viii)** in the case of all of the above items, all legal fees and disbursements of the Mortgagee, or a Receiver, on a full solicitor-client or substantial (i.e. full) indemnity basis.

"Court" means a court or judge having jurisdiction under Applicable Laws.

"Default" means any default occurring under this Mortgage.

"Mortgage" means, together, the Mortgage Form and these Mortgage Terms.

"Mortgage Form" means the form, stipulated by Applicable Laws, to which these Mortgage Terms are attached or incorporated by reference.

"Mortgage Terms" means the terms and conditions contained in this document.

"Mortgagee" means National Bank of Canada and includes any Person to whom National Bank of Canada transfers this Mortgage.

"Mortgagee's Address" means the address shown on the Mortgage Form or the most recent address provided in a written notice given by the Mortgagee to the Mortgagor under these Mortgage Terms.

"Mortgagor" means the Person or Persons named in the Mortgage Form as Mortgagor.

"Mortgagor's Address" means the address of the Mortgagor set out in the Mortgage Form or the most recent address provided in a written notice given by the Mortgagor to the Mortgagee under these Mortgage Terms.

"Obligations" means all obligations, indebtedness and liabilities of the Mortgagor to the Mortgagee, present and future, direct and indirect, absolute and contingent, matured or not, wherever incurred, now or at any time due or owing by the Mortgagor to the Mortgagee or remaining unpaid by the Mortgagor to the Mortgagee, whether reduced from time to time and afterwards increased or entirely extinguished and afterwards incurred again (such as a revolving line of credit), whether arising by way of an Agreement or otherwise, whether arising from dealings between the Mortgagee and the Mortgagor or from other dealings or proceedings by which the

National Bank is a trademark used by National Bank of Canada.

Mortgagee may be or become in any manner a creditor of the Mortgagor, whether incurred by the Mortgagor as principal, surety or otherwise and whether incurred by the Mortgagor alone or with others.

"Person" means a natural person, corporation, company, partnership, joint venture, unincorporated organization, trust, government or any other entity.

"Place of Payment" means the Mortgagee's Address or any other place specified in a written notice given by the Mortgagee to the Mortgagor.

"Property" means the lands described in the Mortgage Form, together with all buildings, structures, and improvements of any nature or kind now or hereafter located on such lands, and all fixtures, rents and all other appurtenances thereto.

"Receiver" means a receiver, a manager, a receiver and manager, or any other similar Person appointed in regard to the Property, or any part of the Property, and the rents and profits of and from such Property, which receiver may be an officer or officers or employee or employees of the Mortgagee, though need not be.

"Spouse" means spouse or common-law partner.

"Strata/Condominium Documents" has the meaning given to such term in subsection 13.2.

"Taxes" means all taxes, rates and assessments of every kind that are payable by any Person in connection with this Mortgage, the Property or its use and occupation, or arising out of any transaction between the Mortgagor and the Mortgagee, but not including the Mortgagee's income taxes.

2. CONTINUING SECURITY

2.1 Mortgage of Property. The Mortgagor, hereby grants, mortgages and charges the Property to the Mortgagee as continuing security for payment and performance of the Obligations.

2.2 Limitation. This Mortgage will secure at any one time only that portion of the principal component of the Obligations at such time up to the registered amount shown on the Mortgage Form (which may be identified on such form as the principal amount), together with (i) interest (at the rate specified in this Mortgage) on such portion of the Obligations and (ii) Costs.

2.3 Mortgagee Not Required to Advance Money. The Mortgagee is not obliged to advance to the Mortgagor any money under this Mortgage, whether or not this Mortgage is registered, and nothing in this Mortgage obliges the Mortgagee to make any advances of money to the Mortgagor.

2.4 No Discharge. By entering into this Mortgage, the Mortgagor and Mortgagee do not intend that any Agreement is to be extinguished, superseded or discharged. If a judgment is obtained from a Court concerning some or all of the Obligations, the Mortgagor and Mortgagee do not intend that the remaining Obligations will be extinguished, superseded or discharged or that the Mortgagee will be prevented from exercising any of its remaining rights under any Agreement, this Mortgage or Applicable Laws.

2.5 No Prejudice to Other Security. The Mortgagee may take guarantees or security from other Persons or take other security from the Mortgagor, or grant time, renewals, extensions, indulgences, releases and discharges to the Mortgagor and other Persons, relating to the Obligations, without prejudicing the rights and remedies of the Mortgagee under this Mortgage.

2.6 Possession of Property. The Mortgagor may continue to remain in possession of the Property as long as the Mortgagor is not in Default.

2.7 Discharge of Mortgage. When all Obligations are satisfied in full by the Mortgagor, and the Mortgagor has no further liability under any Agreement, and the Mortgagee has no obligation to make any further advances or extend credit under any Agreement, this Mortgage will have no further effect and the Mortgagor will be entitled to obtain a discharge of this Mortgage. The Mortgage shall not be or be deemed to be considered as satisfied, exhausted or discharged by any intermediate payment or satisfaction of the whole or part or parts of the Obligations at any time or from time to time, but shall constitute and be a continuing security to the Mortgagee for the payment, fulfillment and performance of all of the Obligations from time to time unpaid or unfulfilled. Where the Mortgagor is entitled to such discharge of this Mortgage, the discharge will be prepared and signed by the Mortgagee and is to be registered by the Mortgagor, at the Mortgagor's expense, in the appropriate registry of deeds, land titles or land registration office or district to cause cancellation, release or discharge of this Mortgage against the Property.

3. INTEREST

3.1 Calculation of Interest. Any interest that is chargeable on and forms part of the Obligations is payable at the rate or rates and with the frequency specified by the terms of an Agreement and this Mortgage, both before and after any Default, any maturity of the Obligations to which the interest relates and any judgment obtained with respect to the Obligations to which the interest relates, until all such interest and the Obligations to which the interest relates have been paid in full. Interest unpaid when due in accordance with the terms of an Agreement and this Mortgage will be added to the Obligations and will bear compound interest at the rate or rates and with the frequency specified by the terms of an Agreement and this Mortgage. If the interest rate for any amount payable under this Mortgage is not specified by the terms of any Agreement or this Mortgage, then such interest will be payable at the rate and with the frequency and otherwise in accordance with Applicable Laws.

3.2 Maximum Interest. If the interest rate or rates under the terms of an Agreement and this Mortgage exceed the maximum rate permitted by Applicable Laws, then, notwithstanding the terms of said Agreement and this Mortgage, the interest rate will be deemed to be such maximum rate.

3.3 Rate of Interest on Mortgage Form. If a rate of interest is set out on the Mortgage Form, the rate or rates of interest on the Obligations will nonetheless be the rate or rates specified by the terms of any applicable Agreement, but if none is so specified for any portion of the Obligations, then the applicable rate of interest for such Obligations will be that which is set out on the Mortgage Form.

3.4 Interest on Costs. Costs form part of the Obligations and if Costs arise, the Mortgagor will pay interest on such Costs on demand (and interest on overdue interest), from the time the Costs arise. The interest rate on Costs will be determined in accordance with subsections 3.1, 3.2 and 3.3.

4. PAYMENT

4.1 Payment on Demand. The Mortgagor will pay to the Mortgagee the outstanding amount of the Obligations immediately on demand by the Mortgagee, unless the terms of an Agreement and this Mortgage provide otherwise.

4.2 Application of Payments. Each payment will be applied as set out in the applicable Agreement. If an Agreement does not specify the manner in which payments will be applied, each payment will be applied firstly to Costs and secondly to other Obligations, as the Mortgagee will determine. Payments do not discharge the Mortgage otherwise than in accordance with subsection 2.7.

5. TAXES

5.1 Payment of Taxes by Mortgagor. Without limiting any promise the Mortgagor has made to the Mortgagee in any Agreement concerning the payment of Taxes, the Mortgagor promises to pay all Taxes when they are due and any other debt that could rank prior to this Mortgage and to send to the Mortgagee at the Place of Payment, within thirty days of the payment due date for such Taxes, evidence that such payments have been made. If the Mortgagor fails to pay Taxes as required, the Mortgagee may, but is not obligated to, pay the Taxes, and any such amount paid by the Mortgagee will be included as Costs and form part of the Obligations.

5.2 Government Assistance. The Mortgagor promises to apply for all government grants, assistance and rebates in respect of Taxes.

6. OTHER PROMISES OF THE MORTGAGOR

6.1 Mortgagor Promises. The Mortgagor promises:

a. to comply with all terms and conditions of any charge or encumbrance of the Property;

b. to pay and perform all Obligations, and to comply with all terms of this Mortgage and any applicable Agreement;

c. to keep all buildings and improvements forming part of the Property in good condition and to repair them as needed or as the Mortgagee reasonably requires and not to alter or tear down any building or part of a building forming part of the Property;

d. to enforce and maintain in good standing all warranties and insurance relating to buildings and improvements forming part of the Property;

e. to comply with Applicable Laws affecting the condition (such as the environmental condition), repair, use and occupation of the Property;

f. to do all things and sign any other document that the Mortgagee reasonably requires to ensure that the Obligations remain secured by this Mortgage and that the Mortgage has priority over any other security over the Property, except as may otherwise be agreed to by the Mortgagee;

g. not to do or fail to do anything that has the effect of reducing the value of the Property or lowering the priority of this Mortgage and any other security in favour of the Mortgagee (the Mortgagor is to promptly inform the Mortgagee of any fact or event that could adversely affect the value of the Property or the financial condition of the Mortgagor or that could lower the priority of this Mortgage or other security held by the Mortgagee for the Obligations);

h. if the Mortgagor has rented the Property, and if the Mortgagee so requests, to keep records of all rents received and of all expenses paid by the Mortgagor in connection with the Property, and, at least annually, have a statement of revenue and expenses for the Property prepared by a chartered accountant, and to give a copy of the statement to the Mortgagee;

i. to insure and keep insured all buildings and improvements on the Property for not less than their full replacement value until this Mortgage is discharged, including, without limitation, (i) risks of loss or damage by fire with extended perils coverage and such additional perils, risks or events against which a prudent owner would insure the Property; (ii) risks of loss and damage by explosion of, or caused by, any boiler or similar equipment, against loss or damage caused by a sprinkler system; and (iii) risks of loss from damage to or destruction of the Property resulting in interruption to or loss of revenue, rental income, or business income from the Property;

j. to send to the Mortgagee a copy of all insurance policies and renewals of same upon receipt and to ensure that all insurance policies required under this Mortgage are carried with a company approved by the Mortgagee and contain Mortgage clauses approved by the Insurance Bureau of Canada confirming that loss proceeds are payable to the Mortgagee, that the Mortgagee has the right to receive and to have a lien on the loss proceeds in accordance with its priority established under this Mortgage (the Mortgagor hereby assigns to the Mortgagee all amounts payable under any of these policies), and that the insurer will promptly advise the Mortgagee of (i) any cancellation, or proposed cancellation of a policy by the insurer for any reason, (ii) any failure by the insurer to renew a policy for any reason and (iii) any material change in the risk insured by the insurer, if required by the Mortgagee;

k. on the happening of any damage, to furnish all necessary proofs to the Mortgagee and do all necessary acts to enable the Mortgagee to obtain payment of the insurance proceeds, with the intention that the Mortgagee, in its discretion, may allow the Mortgagor to use the insurance proceeds to repair or rebuild the Property or may use such insurance proceeds to reduce the Obligations, whether due or not;

l. if the Mortgagee requires the Mortgagor to do so, to arrange for payments on account of Obligations to be made by pre-authorized withdrawals from an account of the Mortgagor;

m. to pay any money, which, if not paid, would result in a default under any charge or encumbrance having priority over this Mortgage or which might result in the sale of the Property; and

n. to pay and cause to be discharged any liens or encumbrances over the Property that are not liens or encumbrances permitted by the Mortgagee under this Mortgage or any Agreement.

6.2 Promises regarding the Property. The Mortgagor promises and declares to the Mortgagee that:

a. the Mortgagor:

(i) has good title to the Property;

(ii) has the right to give the Mortgagee this Mortgage and that on Default the Mortgagee can have quiet possession of the Property free from all encumbrances; and

(iii) will execute such further assurances of title to the Property as may be required by the Mortgagee;

b. the Mortgagor's title to the Property is subject only to those charges and encumbrances that the Mortgagee has agreed to in writing;

c. subject to paragraph (b) above, the Mortgagor:

(i) has not given or is not in the process of giving any other charge or encumbrance against the Property; and

(ii) has no knowledge of any other claim against the Property.

7. PROMISES BETWEEN THE MORTGAGOR AND THE MORTGAGEE

7.1 Mortgagee May Fulfill Mortgagor's Obligations. The Mortgagee may, but is not required to, fulfill any of the obligations of the Mortgagor under the terms of an Agreement, this Mortgage or the Obligations, or spend any money to perform any such obligations.

7.2 Subsequent Interests. By this Mortgage, the Mortgagor grants and mortgages any additional or greater interest in the Property that the Mortgagor may later acquire.

7.3 Inspection of Property. The Mortgagee or its agents may, at any reasonable time, inspect the Property and any buildings and improvements which form part of it, or have it appraised from time to time. In addition, the Mortgagee or its agents may conduct, at any reasonable time, any environmental testing, site assessment, investigation, or study that the Mortgagee or its insurer considers necessary. The reasonable cost of any inspection, appraisal, testing, assessment, investigation or study will be immediately due and payable by the Mortgagor and will form part of the Costs. The Mortgagee or its insurer, or their respective agents, will not become a mortgagee in possession by exercising these rights.

7.4 Repairs by Mortgagee. The Mortgagee, in its sole discretion, may enter the Property at any reasonable time to inspect the Property and request the Mortgagor to make any repairs that the Mortgagee deems necessary, at the cost of the Mortgagor, but, just by doing so, the Mortgagee will not become a mortgagee in possession nor will the Mortgagee be under any obligation to make any repairs to the Property.

7.5 Mortgagee not Responsible for Maintenance. If the Mortgagee takes possession of the Property, the Mortgagee will not be responsible for maintaining and preserving the Property or maintaining the use for which the Property is intended, except to the extent required by Applicable Laws, and the Mortgagee need only account to the Mortgagor for any money the Mortgagee actually receives in connection with this Mortgage or the Property while in possession of the Property.

7.6 Notice to Mortgagee. Any notice by the Mortgagor to the Mortgagee may be delivered at or sent by registered mail to the Mortgagee's Address.

7.7 Notice to Mortgagor. Any notice by the Mortgagee to the Mortgagor may be delivered at or sent by registered mail to the Mortgagor's Address.

7.8 When Notice Received. Any notice given by mail in accordance with this Mortgage is considered to have been received five days after the day on which it was mailed.

7.9 Mail Strike or Disruption. Any notice to be given during a mail strike or disruption must not be sent by mail.

7.10 No Release on Sale. The Mortgagor is not released from the Obligations because the Mortgagor transfers or otherwise conveys, or purports to transfer or otherwise convey, the Property or any interest therein.

7.11 Other Mortgages. If the Mortgagor has mortgaged, charged or granted any interest or security in any other property to the Mortgagee to secure payment of any of the Obligations, the Mortgagee may take all proceedings under any of those mortgages, charges, grants of interest or security as the Mortgagee decides and as permitted by Applicable Laws.

7.12 Consolidation with Other Mortgages. The Mortgagee is entitled to treat this Mortgage as one with any other mortgages given now or in the future by the Mortgagor to the Mortgagee, so that the Mortgagee can require that the requirements of all such mortgages, and this Mortgage, have to be satisfied in full before the Mortgagee will be obligated to give a discharge of any of those mortgages or this Mortgage.

7.13 Mortgagee May Release Part of Property. Whether or not the Mortgagee receives any value, at all times the Mortgagee may release any part or parts of the Property or any other security or any other Person's promise for payment or performance of all or any part of the Obligations without being accountable to the Mortgagor except for the money the Mortgagee actually receives. Notwithstanding any such release, the Property, security and promises of the Mortgagor and other Persons remaining unreleased will remain in effect for payment and performance of the Obligations.

8. DEFAULTS

8.1 Events of Default. A Default occurs under this Mortgage if:

a. the Mortgagor fails to pay or perform any of the Obligations at the time and in the manner required by the terms of any Agreement or by this Mortgage;

b. any statement, certification, representation, covenant or agreement of the Mortgagor or a guarantor given to the Mortgagee in connection with any Obligations is or becomes untrue or misleading;

c. the Mortgagor breaches any promise, condition or agreement which the Mortgagor has made to the Mortgagee in this Mortgage or the Mortgagor or any other Person breaches a promise, condition or agreement in any Agreement;

d. the Mortgagor ceases to carry on its business, becomes insolvent or bankrupt, becomes subject to insolvency, reorganization, arrangement or similar proceedings affecting the rights of creditors;

e. the Property is abandoned or ceases to be used as currently used;

f. the Property or any part of it is expropriated or condemned;

g. the Mortgagor sells or agrees to sell all or any part of the Property or the Mortgagor leases it or any part of it without the prior written consent of the Mortgagee, which may be refused at the sole discretion of the Mortgagee;

h. the Mortgagor gives another Mortgage of the Property to someone other than the Mortgagee without the prior written consent of the Mortgagee;

i. any type of lien whatsoever, such as a mechanic's, builder's, or construction lien, judgment or any similar encumbrance is registered against the Property or the Mortgagee receives notice that a lien or judgment will be obtained, unless prior written consent is obtained from the Mortgagee for each instance of lien, judgement or encumbrance;

j. the Property is subject to foreclosure proceedings, judicial sale, or otherwise seized by another mortgagee, encumbrancer, writ holder, receiver, or any agent of one of those, or any other Person performing similar functions;

k. improvements to the Property remain unfinished and no work has been done for a period of fifteen consecutive days;

l. the Mortgagor is in default under any lease of the Property; or

m. an event occurs which is stated to be a Default under this Mortgage.

8.2 **Mortgagee Determines Default.** The Mortgagee, in its sole discretion, will determine whether any Default has occurred.

9. CONSEQUENCES OF A DEFAULT

9.1 **Mortgagor's Rights Cease Upon Default.** Upon a Default occurring, the Mortgagor is not entitled to exercise any rights or entitlements under this Mortgage or any Agreement.

9.2 **Mortgagee's Rights on Default.** If a Default occurs, the Mortgagee, where and to the extent permitted by Applicable Laws, and then in any order that the Mortgagee chooses, may do any one or more of the following:

a. demand immediate payment or performance of any or all of the Obligations, in which case such Obligations will become immediately due and payable;

b. sue the Mortgagor for money that is due in respect of the Obligations;

c. take proceedings and any other legal steps to compel the Mortgagor to satisfy or perform the Obligations;

d. enter upon and take possession of the Property;

e. sell the Property and any other property mortgaged by the Mortgagor to the Mortgagee by public auction or private sale on terms decided by the Mortgagee, including selling the Property for cash or credit or any combination of the two:

(i) on thirty-five days notice to the Mortgagor if the Default has continued for fifteen days (or longer or other period, if required by Applicable Laws); or

(ii) without notice to the Mortgagor if the Default has continued for sixty days or more (if and to the extent permitted by Applicable Laws);

f. lease the Property on terms decided by the Mortgagee:

(i) on fifteen days notice to the Mortgagor if the Default has continued for fifteen days (or longer or other period, if required by Applicable Laws); or

(ii) without notice to the Mortgagor if the Default has continued for thirty-one days or more (if and to the extent permitted by Applicable Laws);

g. apply to a Court for an order that the Property be sold on terms approved by the Court;

h. apply to a Court to foreclose the Mortgagor's interest in the Property so that when the Court makes its final order of foreclosure the Mortgagor's interest in the Property will be absolutely vested in and belong to the Mortgagee;

i. apply to a Court to have a receiver or receiver and manager or comparable officer of the Court appointed with respect to the Property or appoint a Receiver of the Property under this Mortgage;

j. enter upon and take possession of the Property without the permission of anyone and make any arrangements the Mortgagee considers necessary to:

(i) inspect, lease, collect rents or manage the Property;

(ii) complete the construction of any building on the Property; or

(iii) repair any building on the Property; and

k. take whatever action is necessary to take, recover and keep possession of the Property.

9.3 **Powers of the Court.** Nothing in subsection 9.2 affects the jurisdiction of the Court.

9.4 **Application of Proceeds.** Any payments made in respect of the Obligations from money or other proceeds realized from the enforcement of the Mortgagee's remedies including proceeds realized under this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the Obligations as the Mortgagee decides or may be held unappropriated in a separate collateral account for such time as the Mortgagee decides.

9.5 **Deficiency After Sale.** Subject to Applicable Laws, if the proceeds available from realizing upon the Property pursuant to this Mortgage are not sufficient to pay all the Obligations, the Mortgagor will pay to the Mortgagee on demand the amount of the deficiency.

9.6 **Mortgagee's Rights After Judgment.** If the Mortgagee obtains judgment against the Mortgagor as a result of a Default, the remedies described in subsection 9.2 may continue to be used by the Mortgagee to compel the Mortgagor to pay and perform the Obligations. The Mortgagee will continue to be entitled to receive interest on the Obligations, in accordance with and in the manner provided for such interest under the terms of an Agreement and this Mortgage, until the judgment is paid in full.

9.7 **No Waiver of Rights.** If the Mortgagee does not exercise any of the Mortgagee's rights on the happening of a Default or does not ask the Mortgagor to cure such Default, the Mortgagee is not prevented from later compelling the Mortgagor to cure that Default or exercising any of those rights in connection with that Default or any later Default of the same or any other kind.

10. CONSTRUCTION OF BUILDINGS OR IMPROVEMENTS

10.1 **No Construction, Alteration or Addition Without Consent.** The Mortgagor will not construct, alter or add to any buildings or improvements on the Property without the prior written consent of the Mortgagee, and then, only in accordance with accepted construction standards, building codes and municipal or government requirements and, if provided by any Agreement, plans and specifications approved by the Mortgagee.

11. RENTAL AND ASSIGNMENT OF RENT

11.1 **Mortgagee to Approve Rental.** If the Property or any part of the Property is currently used as owner-occupied residential premises, the Mortgagor represents that no part of the Property is rented or occupied by a tenant and the Mortgagor promises not to rent, lease or enter into a tenancy agreement of any part of the Property without obtaining the Mortgagee's prior written approval, which approval may be refused at the sole discretion of the Mortgagee.

11.2 Assignment. If the Property or any part of the Property is used or intended to be used as rental premises, the Mortgagor:

a. must deliver to the Mortgagee a copy of all leases related to the Property and will provide any and all information related to the rents on the Mortgagee's request;

b. will only lease the Property at a value corresponding to a lease at the fair market value and will not accept payment in advance of more than one month's rent; and

c. assigns, as additional and separate security for the Obligations, all existing and future rents and leases relating to the Property. In particular, the Mortgagor transfers and assigns to the Mortgagee as security:

(i) all leases, lease agreements, sub-leases, and offers to lease, and their renewals, whether in writing or not;

(ii) all rents and other money payable under the terms of all such leases, sub-leases, offers to lease, and agreements; and

(iii) all the Mortgagor's rights under such leases, sub-leases, offers to lease, and agreements.

11.3 Receipt of Rents. Notwithstanding subsection 11.2, the Mortgagee will allow the Mortgagor to receive the rents as long as the Mortgagor is not in Default. If the Mortgagee withdraws this authorization, the Mortgagee may collect such rents and revenues and will be entitled to a reasonable commission or other remuneration, which it may deduct from any amounts collected. Subsection 9.4 will apply to the proceeds of such collection by the Mortgagee.

11.4 Mortgagee Not Responsible. Nothing done by the Mortgagee under this section 11 will make the Mortgagee a mortgagee in possession or will have the effect of making the Mortgagee responsible for collecting rent or complying with any terms of any lease or agreement.

12. RECEIVER

12.1 Mortgagee May Appoint Receiver. Upon Default, the Mortgagee or the Mortgagee as agent or attorney for the Mortgagor (with no such appointment being revocable by the Mortgagor), with or without entering into possession of the Property or any part thereof, may appoint in writing a Receiver and may remove any such Receiver and appoint a new Receiver in the place and stead of any previously appointed Receiver.

12.2 Powers of Receiver. Subject to Applicable Laws, the Receiver:

a. will be deemed to be the Mortgagor's irrevocable agent or attorney, vested with all rights, powers and discretions of the Mortgagor, and the Mortgagor will be solely responsible for the Receiver's acts or omissions;

b. has power, either in the Mortgagor's name or in the name of the Mortgagee, to demand, recover and receive income from the Property and start and carry on any action or court proceeding to collect that income;

c. may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses;

d. may complete the construction of or repair any improvement on the Property;

e. may take possession of all or part of the Property;

f. may manage the Property and maintain it in good condition;

g. has the power to perform, in whole or in part, the Mortgagor's duties under the terms of the Agreements, this Mortgage and the Obligations; and

h. has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property.

12.3 Use of Income by Receiver. From income received from the Property, the Receiver may, subject to Applicable Laws, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission, fees and disbursements as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the Property and taking steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money for matters required to be paid by the Receiver under Applicable Laws, or that might, if not paid, result in a default under any charge or encumbrance having priority over this Mortgage or that might result in the sale of the Property if not paid; (v) pay Taxes in connection with anything the Receiver is entitled to do under this Mortgage; (vi) pay interest to the Mortgagee that is due and payable; (vii) pay all or part of the Obligations to the Mortgagee whether or not it is due and payable; (viii) pay any other money owed by the Mortgagor under this Mortgage; and (ix) pay insurance premiums.

12.4 Receiver May Borrow. The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do.

12.5 Mortgagor Responsible for Borrowing by Receiver. Any money borrowed by the Receiver from the Mortgagee, and any interest charged on that money and all the costs of borrowing, will form part of the Obligations and will bear interest at the rate and to be paid with the frequency provided under the applicable terms upon which such money was borrowed.

12.6 Receiver's Costs and Expenses. The fees and disbursements of the Receiver, if paid by the Mortgagee, will form part of the Obligations and will bear interest according to the terms of any applicable Agreement and this Mortgage.

12.7 Mortgagee Not Responsible. Nothing done by the Receiver under this section 12 will make the Mortgagee a mortgagee in possession, and the Mortgagor hereby releases and discharges the Mortgagee and every Receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise, which may arise or be caused to the Mortgagor or any Person claiming through or under it by reason or as a result of anything done by the Mortgagee or any Receiver under the provisions of this section 12. The Mortgagor agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this provision and agrees that neither the Receiver nor the Mortgagee will be liable for any loss sustained by the Mortgagor or any other Person resulting from any such action or failure to act.

13. STRATA LOT/CONDOMINIUM PROVISIONS

13.1 Strata Lot/Condominium Provisions. This section 13 applies if the Property is or becomes a strata lot or condominium property under the Applicable Laws. The Mortgagor will comply with this section 13 in addition to all other terms of this Mortgage and Applicable Laws.

13.2 Mortgagor Will Obey Strata/Condominium Rules. The Mortgagor will perform all of the Mortgagor's obligations as a strata lot/condominium owner under the Applicable Laws and the declaration, bylaws, rules and regulations of the strata/condominium

corporation (the "Strata/Condominium Documents") and will pay all money owed by the Mortgagor to the strata/condominium corporation.

13.3 Insurance. The Mortgagor will cause the strata/condominium corporation to insure the Property and the common property (or common elements), in accordance with the Applicable Laws. In addition, the Mortgagee agrees that the provisions of the Applicable Laws regarding the insurance proceeds will prevail notwithstanding subsection 6.1(k).

13.4 Right to Vote. The voting rights of the Mortgagor as owner are exercisable by the Mortgagee on written notice to the strata/condominium corporation as provided by the Applicable Laws, but the Mortgagee is not required to attend meetings of the strata/condominium corporation or to exercise such rights, whether or not notice is given. The Mortgagor hereby irrevocably assigns all voting rights to the Mortgagee, provided until the Mortgagee gives written notice of this Mortgage to the strata/condominium corporation, the Mortgagor may exercise voting rights.

13.5 Mortgagor to Supply Copies of Documents. At the request of the Mortgagee, the Mortgagor will give the Mortgagee copies of all notices, financial statements and other documents given by the strata/condominium corporation to the Mortgagor.

13.6 Mortgagee is Mortgagor's Agent. The Mortgagor appoints the Mortgagee to be the Mortgagor's agent to inspect or obtain copies of any records or other documents of the strata/condominium corporation that the Mortgagor is entitled to inspect or obtain, including the amount of any assessments or payments due to the strata/condominium corporation by the Mortgagor. The Mortgagee is entitled to make inquiries as to the status of the Mortgagor's common expense contributions.

13.7 Default. There is a Default if the strata/condominium corporation transfers, charges or adds to the common property (or common elements), or amends its Strata/Condominium Documents without the consent of the Mortgagee, and if, in the Mortgagee's opinion, the value of the Property is reduced.

13.8 Mortgagee May Require Payment. At the option of the Mortgagee, and subject to compliance with Applicable Laws, there is a Default if:

a. governance of the property of the strata/condominium corporation under the Applicable Laws is terminated or wound up as described in the Applicable Laws or the Strata/Condominium Documents;

b. a vote of the strata lot/condominium owners authorizes the sale of the property of the strata/condominium corporation or of a part of its common property (or common elements);

c. the strata/condominium corporation fails to comply with the Applicable Laws or the Strata/Condominium Documents;

d. the strata/condominium corporation fails to insure the strata lots/condominium units and common property (or common elements) against destruction or damage by fire and other perils usually insured against for full replacement cost; or

e. the strata/condominium corporation fails, in opinion of the Mortgagee, to manage its property and assets in a careful way or to maintain its assets in good repair.

13.9 Strata Lot/Condominium Expense Default. Where the Mortgagor defaults in the obligation to contribute to the administrative expenses assessed or levied by the strata/condominium corporation, or any authorized agent on its behalf, or any assessment, instalment or payment due to the strata/condominium corporation or upon breach of any covenant or the provisions herein before in this subsection 13.9 contained, regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, the Mortgagee, may at its sole option and discretion and without notice to the Mortgagor:

a. pay such expenses or levies and add any such payments to the Obligations and such amounts will bear interest according to the terms of any applicable Agreement and this Mortgage; or

b. deem such default to be a Default under this Mortgage.

Upon Default and notwithstanding any other right or action of the strata/condominium corporation or of the Mortgagee, the Mortgagee may distrain for arrears of any assessments, instalments or payments due to the Mortgagee or arising under this provision.

13.10 Mortgagee Not Responsible. Nothing done by the Mortgagee under this section 13 will make the Mortgagee a mortgagee in possession.

14. SUBDIVISION

14.1 Effect of Subdivision. If the Property is subdivided:

a. this Mortgage will charge each subdivided lot as security for payment and performance of all of the Obligations; and

b. the Mortgagee is not required to discharge this Mortgage as a charge on any of the subdivided lots unless all the Obligations are paid and performed.

15. SPOUSE OF THE MORTGAGOR

15.1 Consent of Spouse. Unless such affidavits and other documents are separately delivered to the Mortgagee as required under Applicable Laws to release to the Mortgagee any claim or interest of a Spouse in and to the Property, any Spouse who is signing the Mortgage Form consents to the granting of this Mortgage by the Mortgagor and releases to the Mortgagee any claim or interest that the Spouse has or may have in the Property under Applicable Laws as far as such release is necessary to give effect to the Mortgagee's rights under this Mortgage.

16. GENERAL

16.1 Who this Mortgage Binds. This Mortgage binds the Mortgagor, a Spouse (if any Spouse is signing the Mortgage Form) and their respective heirs, personal representatives, successors, executors, administrators and assigns.

16.2 Amendments. Any agreement to make material changes to this Mortgage will apply to those who agree to the changes in writing.

16.3 Joint and Several Obligations. Each Person who signs this Mortgage as a Mortgagor is jointly and severally liable for the payment and performance of all of the Obligations.

16.4 Unenforceable Provisions. If any part of this Mortgage is not enforceable or invalid, all other parts of this Mortgage will remain in full effect and be enforceable against the Mortgagor.

16.5 Mortgagee May Make Changes. The Mortgagee may, without consent or notice, assign, grant security interests in or otherwise dispose of all or some of the Obligations or this Mortgage.

16.6 Responsibility of Mortgagee. The Mortgagee is only liable to the Mortgagor for the Mortgagee's wilful misconduct or gross negligence.

16.7 Mortgagee May Delegate. The Mortgagee may delegate the exercise of its rights or the performance of its obligations to another Person. In that event, the Mortgagee may furnish that Person with any information it may have concerning the Mortgagor or the Property.

16.8 Headings. Headings in the Mortgage do not form part of this Mortgage but are used only for easy reference.

16.9 Interpretation. In this Mortgage, the singular includes the plural and vice versa.

16.10 Conflicts Between Documents. If there is a conflict between any provision of this Mortgage and any Agreement, the relevant provision in the Agreement will prevail to the extent of the conflict.

16.11 Further Assurances of the Mortgagor. At the request of the Mortgagee, the Mortgagor will execute such further documents as may be required by the Mortgagee to more fully give effect to this Mortgage.

16.12 Extent of Estate. For better securing to the Mortgagee the payment and the performance of the Obligations, the Mortgagor hereby mortgages to the Mortgagee all of the Mortgagor's estate and interest in the Property.

16.13 Power of Attorney. In consideration of the mutual promises of the Mortgagee and the Mortgagor in this Mortgage, the Mortgagor grants to the Mortgagee, with full power of substitution, an irrevocable power of attorney coupled with an interest to perform any action or to sign any document required to allow the Mortgagee to fully exercise the rights granted under this Mortgage or any Agreement and to deal with the Property. The Mortgagor ratifies in advance all actions of the Mortgagee pursuant to such power of attorney and confirms that the Mortgagee is not liable for any loss sustained by the Mortgagor or any other Person resulting from any such action or any failure to act.

16.14 Rights and Remedies. The Mortgagee may exercise all rights and remedies in this Mortgage, any Agreement or under Applicable Laws, concurrently, cumulatively, independently and in such order and combination and at such times as the Mortgagee sees fit. In doing so, the Mortgagee is not obligated to exhaust any one right or remedy before exercising any of its other rights or remedies.

16.15 Property Located in Saskatchewan. If the Property is located in Saskatchewan and the Mortgagor is a corporation:

a. *The Land Contracts (Actions) Act* of Saskatchewan shall have no application to any "action", as defined in that Act, with respect to this Mortgage; and

b. *The Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Mortgage or any Agreement or to the Mortgagee and any other Person who may have rights, powers or remedies under this Mortgage or any Agreement.

16.16 Property Located in British Columbia. If the Property is located in British Columbia:

a. The right of consolidation described in subsection 7.12 hereof shall apply to the Mortgage and to any other mortgages and/or charges given by the Mortgagor to the Mortgagee notwithstanding section 31 of the *Property Law Act*, R.S.B.C. 1996, c. 377, as amended or replaced from time to time.

b. Clause 15 of Schedule 6 of the *Land Transfer Form Act*, R.S.B.C. 1996, c. 252, as amended or replaced from time to time, is expressly excluded from this Mortgage.

16.17 Property Located in Alberta. If the Property is located in Alberta:

a. ***Expropriation Act* (Alberta):** The Mortgagor acknowledges that it has been fully instructed and advised as to the meaning of sections 49 and 52 of the *Expropriation Act* (Alberta), and hereby waives the provisions of sections 49 and 52 of the *Expropriation Act* (Alberta) and any legislation enacted in place thereof.

b. **Waiver of Insurance Statutes:** The Mortgagor hereby irrevocably waives any and all statutory provisions which may require that proceeds of insurance be used, or permit an insurer to use proceeds of insurance, to restore or rebuild, including the *Fires Prevention (Metropolis) Act*, 1774 and the *Insurance Act* (Alberta).

16.18 Governing Law. This Mortgage shall be governed in all respects by the laws of the Province where the Property is situated and the laws of Canada applicable therein.

SCHEDULE 1
LEASEHOLD MORTGAGE

1. **Definition.** For the purposes of this Schedule 1, "Lease" means a lease, or any sublease, pursuant to which the Mortgagor has a leasehold interest, if any, in the Property;

2. **Application to Leases.** If all or any part of the Property is held by way of a leasehold interest, this Schedule forms part of this Mortgage and this Mortgage is to be construed as a charge upon the unexpired term of the Lease less the last day of that term.

3. **Mortgagor Promises.** The Mortgagor represents to the Mortgagee that:

   a. the Mortgagor has provided to the Mortgagee a true and complete copy of the Lease;

   b. the Lease is held by the Mortgagor subject only to those charges and encumbrances that are registered in the appropriate registry of deeds, land titles or land registration office at the time the Mortgagor signs this Mortgage;

   c. the Lease is in good standing;

   d. the Mortgagor has complied with all the Mortgagor's promises and agreements contained in the Lease;

   e. the Mortgagor has paid all rent that is due and payable under the Lease;

   f. the Lease is not in default; and

   g. the Mortgagor has the right to mortgage the Lease to the Mortgagee.

4. **Mortgagor's Obligation.** Where the interest mortgaged is a leasehold interest, the Mortgagor will:

   a. comply with the Lease and not do anything that would cause the Lease to be terminated;

   b. immediately give to the Mortgagee a copy of any notice or request received from the landlord;

   c. maintain the Lease in good standing, and to renew the Lease or enter into a new lease agreement for the Property from time to time, so long as the Mortgage or Obligations are outstanding;

   d. immediately notify the Mortgagee if the landlord advises the Mortgagor of the landlord's intention to terminate the Lease before the term expires; and

   e. sign any other document the Mortgagee requires to ensure that any greater interest in the Property that is acquired by the Mortgagor is charged by this Mortgage.

5. **Default Under Lease.** Any default under the Lease is a Default under this Mortgage.

6. **No Changes to Lease.** The Mortgagor promises the Mortgagee that the Mortgagor will not, without first obtaining the written consent of the Mortgagee:

   a. surrender or terminate the Lease; or

   b. agree to change the terms of the Lease.

7. **Mortgagee May Perform.** The Mortgagee may perform any promise or agreement of the Mortgagor under the Lease. Any amounts paid by the Mortgagee pursuant to the Lease shall be added to and form part of Costs.

8. **Mortgagee Not Responsible.** Nothing done by the Mortgagee under this Schedule 1 will make the Mortgagee a mortgagee in possession.

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This is Exhibit "3" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for ~~taking~~ Affidavits within British Columbia

NATIONAL BANK

GENERAL SECURITY AGREEMENT
(All present and future assets)
(Canada except Quebec)

GRANTED BY: _____NOVO TEXTILE COMPANY LTD._____. (hereafter called the "Debtor")

TO NATIONAL BANK OF CANADA (hereafter called the "Bank").

1. GRANT OF SECURITY INTEREST

1.1 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Bank, the Debtor hereby grants to the Bank a security interest in all of the Debtor's present and after-acquired property and undertaking (collectively, the "Collateral") and also mortgages, charges and assigns the Collateral to the Bank. Without limitation, the Collateral includes all right, title and interest that the Debtor now has or may hereafter have or acquire in any manner whatsoever (including by way of an amalgamation) in all property of the following kinds:

(a) Receivables: all debts, accounts, claims and choses in action for monetary amounts (collectively, the "Receivables");
(b) Inventory: all inventory of whatever kind and wherever situated (collectively, the "Inventory");
(c) Equipment: all machinery, equipment, fixtures, furniture, vehicles and other goods which are not Inventory (collectively, the "Equipment");
(d) Securities: all shares, bonds, debentures and other securities (collectively, the "Securities");
(e) Instruments and Money: all bills, notes, cheques and other instruments (collectively, the "Instruments") and all money;
(f) Documents of Title and Chattel Paper: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not, and all chattel paper;
(g) Intangibles: all intangibles not otherwise described in this Section 1.1 including, without limitation, all goodwill and all patents, trademarks, copyrights and other intellectual property;
(h) Real Property: all real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "Real Property"), and all rights under any lease or agreement relating to Real Property;
(i) Books and Records: all books, invoices, documents and other records in any form evidencing or relating to the Collateral; and
(j) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

1.2 Obligations Secured

The obligations secured by this Agreement include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise (collectively, the "Obligations").

1.3 Certain definitions

(a) The terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act currently in effect in the province referred to in Section 6.12 below;
(b) Any reference in this Agreement to the security granted hereby refers collectively to the security interest, mortgage, charge and assignment hereby granted in favour of the Bank.
(c) Any reference to "Debtor" refers to the undersigned, if one, or to each undersigned, if more than one. When the term "Debtor" designates more than one person or entity, each one shall be jointly and severally liable for the obligations stipulated herein.

1.4 Attachment of Security

The Debtor acknowledges that value has been given and agrees that the security granted hereby attaches upon the execution of this Agreement (or, in the case of any after-acquired property, at the time of acquisition by the Debtor of any rights therein).

1.5 Real Property

(a) With respect to (and only to) Real Property, the security granted hereby is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the Obligations becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge;
(b) The security granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Debtor will hold such last day in trust for the Bank and, upon the enforcement by the Bank of its security, will assign such last day as directed by the Bank.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties

The Debtor hereby represents and warrants to the Bank that:

(a) the principal residence, chief executive office and registered office of the Debtor (as applicable) are located at the addresses specified in Schedule A; for the purposes of the Ontario and the British Columbia *Personal Property Security Act*, the Debtor is governed by the law of the jurisdiction specified in Schedule A, if applicable;
(b) the Inventory and Equipment of the Debtor are located at the addresses specified in Schedule A, except for goods in transit or on lease or consignment; and
(c) all motor vehicles, trailers, mobile or manufactured homes, aircraft, boats and outboard motors ("Serial Numbered Goods") in which the Debtor has rights and used as equipment are fully and accurately described in Schedule "A"; the Debtor will advise the Bank promptly, in writing, of any other Serial Numbered Goods that are held as Equipment and will provide the Bank with full and complete descriptions of such Serial Numbered Goods.

2.2 Covenants

The Debtor covenants with the Bank that the Debtor will:

(a) not change the location of its principal residence, chief executive office, registered office or its governing law, or move any of the Inventory or Equipment from the locations specified in Schedule A hereto, without the written consent of the Bank;
(b) not change its name without first giving written notice to the Bank of its proposed new name and, if the Debtor is a corporation, not amalgamate with any other corporation without the prior written consent of the Bank;
(c) preserve the value of the Collateral, and carry on its business in compliance with all applicable laws and regulations;
(d) not permit any Collateral consisting of personal property to be affixed to real property or to other personal property so as to become a fixture or accession without the written consent of the Bank;
(e) keep the Collateral free and clear of all liens, security interests, mortgages, charges, assignments and other encumbrances or interests except as permitted in writing by the Bank;

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(f) pay all taxes, levies, assessments and government fees or dues payable in respect of the Collateral as and when the same become due, and furnish to the Bank, when requested, evidence of such payment;
(g) whenever requested by the Bank, furnish to the Bank in writing all information requested relating to the Collateral, and the Bank will be entitled from time to time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Bank will have access to all premises occupied by the Debtor or where the Collateral may be found;
(h) ensure that the security granted hereby is at all times fully enforceable and perfected in respect of any Collateral; and
(i) pay to the Bank forthwith upon demand all costs, fees and expenses (including, without limitation, all legal, receiver, consulting and accounting fees and expenses) incurred or charged by the Bank in connection with the preparation, perfection, administration and discharge of this Agreement and the preservation and exercise of the rights, powers and remedies of the Bank; and all such costs, fees and expenses will bear interest at the highest rate borne by any of the Obligations and will form part of the Obligations.

2.3 Schedule A
Each schedule referred to in this Agreement and attached hereto shall form part of this Agreement. Any subsequent modifications to a schedule will be deemed to replace and supersede the earlier version and form part of this Agreement.

3. INSURANCE

3.1 Insurance Covenant
The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limitation, loss by fire, theft, collision and such other risks as are customarily insured against for each type of Collateral, in an amount not less than the full insurable value thereof, with such insurers as are reasonably satisfactory to the Bank.

3.2 Bank loss payee
All insurance policies must name the Bank as an additional insured and loss payee and must provide that the insurer will give the Bank at least 15 days written notice of intended cancellation or non-renewal. At the Bank's request, the Debtor must furnish the Bank with evidence satisfactory to the Bank that the required insurance coverage is in effect. The Debtor must forthwith give the Bank notice of any loss or damage to the Collateral.

4. DEALING WITH COLLATERAL

4.1 Disposition of Collateral by the Debtor
The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Bank, except that the Debtor may, until an Event of Default occurs hereunder, dispose of Inventory in the ordinary course of its business, but all proceeds of any such disposition will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds received by the Debtor.

4.2 Notification of Account Debtors
The Bank may at any time (i) give notice of this Agreement and the security granted hereby to any account debtor of the Debtor or to any other person liable to the Debtor and (ii) give notice to any such account debtor or other person to make all further payments to the Bank. Any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor, whether before or after any notice is given by the Bank will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds.

4.3 Securities
The Bank may have any Securities registered in its name or in the name of its nominee and will be entitled, but not required, to exercise any of the rights that any holder of such Securities may at any time have. However, until an Event of Default occurs, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Bank or which would not violate this Agreement, all voting power from time to time exercisable in respect of the Securities. The Bank will not be responsible for any loss occasioned by its exercise of any of such rights. Before or after an Event of Default occurs hereunder, the Debtor must deliver forthwith to the Bank those Securities requested by the Bank duly endorsed for transfer.

4.4 Proceeds held in Trust for the Bank
All proceeds received by the Debtor from the collection or disposition of Collateral or otherwise will be received by the Debtor as trustee for the Bank, must be held separate and apart from other property and must be paid over to the Bank upon request.

4.5 Application of Funds
All sums collected or received by the Bank in respect of the Collateral may be applied to such parts of the Obligations as the Bank in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Bank may be released to the Debtor, all without prejudice to the Bank's rights against the Debtor.

4.6 Collateral held by the Bank
In the holding of any Collateral, the Bank and any agent on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Bank and any agent on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Bank or its agent to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5. DEFAULT AND REMEDIES

5.1 Events of Default
The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):
(a) the Debtor does not pay to the Bank when payable any sum owing under the Obligations;
(b) the Debtor does not perform any of its covenants or obligations under this Agreement;
(c) any representation or warranty made by the Debtor herein or in any document provided at any time to the Bank in connection with this Agreement is incorrect or misleading in any material respect;
(d) the Debtor is in default under any other agreement with the Bank;
(e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof;
(f) the Debtor is insolvent;
(g) the commencement of any proceeding or the taking of any step by or against the Debtor (i) for the bankruptcy, reorganization, liquidation, dissolution or winding-up of the Debtor, (ii) for an arrangement or compromise with its creditors, or (iii) for the appointment of a trustee, receiver, custodian, liquidator or any other person with similar powers with respect to the Debtor or any part of the Collateral;
(h) the Collateral or any part thereof is seized or otherwise attached or is subject to a taking of possession by anyone and the same is not released or discharged within the shorter of a period of (i) 30 days and (ii) 10 days less than such period as would permit such property to be sold pursuant thereto; or
(i) the Bank believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached.

5.2 Consequences of a Default
On or after the occurrence of any Event of Default, at the option of the Bank, (i) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease; and (iii) the security granted hereby will become immediately enforceable.

5.3 Remedies
In addition to any right or remedy otherwise provided herein or by law, on or after the occurrence of any Event of Default, the Bank will have the rights and remedies set out below, all of which may be enforced successively or concurrently:

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(a) the Bank may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Bank at such places as may be specified by the Bank;
(b) the Bank may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
(c) the Bank may carry on all or any part of the business of the Debtor;
(d) the Bank may enforce any rights of the Debtor in respect of the Collateral;
(e) the Bank may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit, upon such terms and conditions as the Bank may determine and without notice to the Debtor unless required by law;
(f) the Bank may accept the Collateral in total or partial satisfaction of the Obligations in the manner provided by law;
(g) the Bank may, for any purpose specified herein, borrow money on the security of the Collateral, which security will rank in priority to the security granted hereby;
(h) the Bank may occupy and use all or any of the premises, buildings and plants occupied by the Debtor and use all or any of the Equipment and other property of the Debtor for such time as the Bank requires to facilitate the realization of the Collateral, free of charge; the Bank will not be liable for any rent, charges, depreciation or damages in connection with such actions; or
(i) the Bank may appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the whole or any part of the Collateral and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral.

5.4 Powers of the Receiver
Any Receiver will have all of the rights and powers that the Bank is entitled to exercise pursuant to Section 5.3, but the Bank will not be in any way responsible for any misconduct or negligence of any such Receiver.

5.5 Liability of Bank
The Bank will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Bank, the Debtor or any other person in respect of the Collateral. This Agreement and the security granted hereby will not render the Bank liable to observe or perform any covenant or obligation of the Debtor in any agreement or document to which the Debtor is a party or by which it is bound. In the exercise of its rights and the performance of its obligations, the Bank will only be liable for gross negligence or wilful misconduct.

5.6 Proceeds of Realization
The Bank may apply any proceeds of realization of the Collateral to payment of costs, fees and expenses mentioned in Section 2.2(i), including those related to the realization of the Collateral, and the Bank may apply any balance to payment of all other Obligations in such order as the Bank sees fit. If there is any surplus remaining, the Bank may pay it to any person entitled thereto by law of whom the Bank has knowledge and any balance remaining may be paid to the Debtor. If the realization of the Collateral fails to satisfy the Obligations, the Debtor will be liable to pay any deficiency to the Bank.

6. GENERAL

6.1 Failure of Debtor to Perform
If the Debtor fails to perform any of its covenants or obligations under this Agreement, the Bank may, in its absolute discretion, but without being required to do so, perform any such covenant or obligation. If any such covenant or obligation requires the payment of monies, the Bank may make such payment. All sums so paid by the Bank will be payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such sums. No such performance or payment will relieve the Debtor from any default under this Agreement or any consequences of such default.

6.2 Power of Attorney
The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to do all things and execute and deliver, documents, financing statements, demands and assignments which the Debtor is obliged to do or execute or deliver hereunder and generally to act in the name of the Debtor in the exercise of any of the powers hereby conferred on the Bank.

6.3 Appointment of Consultant
The Bank will be entitled to appoint a consultant to provide such services and advice as the Bank may determine in its sole discretion, with power to enter the Debtor's premises, to inspect and evaluate the Collateral, to make copies of the Debtor's records, to review the Debtor's business plans and projections, to assess the conduct and viability of the Debtor's business, to prepare reports on the Debtor's affairs and to distribute such reports to the Bank or to other such persons as the Bank may direct. Such consultant will act as an agent for the Bank and will owe no duty to the Debtor. The consultant is to have no managerial or advisory capacity and will have no decision making responsibility. The Debtor authorizes the Bank to provide confidential information to the consultant. All fees and expenses in connection with the engagement of a consultant are payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such fees and expenses.

6.4 Waivers by Debtor
The Bank may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up any security, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) otherwise waive rights against the Debtor, debtors of the Debtor, guarantors and others and with respect to the Collateral and other security as the Bank sees fit. No such action or omission will reduce the Obligations or affect the Bank's rights hereunder.

6.5 Waivers of Legal Limitations
To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any law which imposes limitations upon the powers, rights or remedies of a secured party, including any law which limits the rights of a secured party to both seize collateral and sue for any deficiency following realization of collateral. Without limitation, the Debtor (if a corporation) agrees that the *Limitation of Civil Rights Act* and Part IV of the *Saskatchewan Farm Securities Act* of the Province of Saskatchewan will not apply to this Agreement or any of the rights, remedies or powers of the Bank or any Receiver hereunder.

6.6 Copy of Documents and Consent to Filings
The Debtor acknowledges having received a copy of this Agreement and waives all rights to receive from the Bank a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Debtor confirms its consent to the filing by the Bank or on its behalf of any such financing statement or financing change statement.

6.7 Notices
Any notice to be given to a party in connection with this Agreement will be given in writing and will be given by personal delivery, by registered mail or by electronic means, addressed to the recipient at its address specified at the end of this Agreement or such other address as may be notified by any party to the other.

6.8 Additional Security and Other Remedies
This Agreement and the security granted hereby are in addition to and not in substitution for any other security or right now or hereafter held by the Bank. This Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Bank. The Bank may sue the Debtor and enforce all of its other rights and remedies in respect of the Obligations without being required to exercise or exhaust any of its rights and remedies hereunder.

6.9 Further Assurances
The Debtor must at its expense do all things and execute and deliver all such financing statements, further assignments and documents as may be reasonably requested by the Bank for the purpose of giving effect to this Agreement and establishing compliance with the obligations of the Debtor hereunder.

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6.10 Discharge
The Debtor will be entitled to a discharge of this Agreement upon written request by the Debtor and full payment, performance and satisfaction of the Obligations. No discharge will be effective unless in writing and executed by the Bank.

6.11 Severability
If any provision of this Agreement were to be found invalid or unenforceable, the remaining terms and provisions of this Agreement will remain in full force and effect.

6.12 Governing Law
This Agreement will be governed by and construed in accordance with the laws of the province in which the office of the Bank specified below is located, except that if such office is located in the province of Quebec, then this Agreement will be governed by and construed in accordance with the laws of the province of Ontario.

This Agreement will bind and be enforceable against the Debtor regardless of whether it has been executed by the Bank.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

Officer Signature(s)

Name: **LESLIE WONG**
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

(as to all signatures)

Execution Date

Y	M	D
24	11	14

Transferor(s) Signature(s)

NOVO TEXTILE COMPANY LTD.
by its authorized signatory(ies):

Print Name: JASON ZANATTA

Print Name:

NATIONAL BANK OF CANADA

2024 11 14
Date of Execution (YYYY MM DD)

By: _____
(Authorized signature)

ADDRESS OF DEBTOR FOR NOTICE PURPOSES:

10 King Edward Street #105, Coquitlam, BC, V3K 4S8

ADDRESS OF BANK FOR NOTICE PURPOSES:

475 Howe Street, Suite 2900, Vancouver, BC V6C 2B3

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SCHEDULE A

To a General Security Agreement made as of 14 November , 2024 between NOVO TEXTILE COMPANY LTD., as Debtor and National Bank of Canada, as Bank.

1. **ADDRESS(ES) OF PLACE(S) OF BUSINESS (Section 2.1(a))**

   Principal residence (for individuals only): n/a

   Chief executive office (for businesses only)[1]: 10 King Edward Street #105, Coquitlam, BC, V3K 4S8

   Registered office (for businesses only)[2]: 800 - 885 West Georgia Street, Vancouver BC V6C 3H1

   Other place(s) of business[3]: none

   Governing law[4]: n/a

   [indicate governing law for a trust or partnership (other than a limited partnership), otherwise indicate N/A]:

2. **LOCATION OF INVENTORY AND EQUIPMENT (Section 2.1(b))**

   Address(es)[5]: same as above

3. **EQUIPMENT CONSISTING OF SERIAL NUMBER GOODS (Section 2.1(c))[6]**

[1] If the Debtor has only one place of business, indicate the address of that place of business. If the Debtor has more than one place of business, indicate the address of its place of business which is its principal decision-making centre.

[2] Indicate "same as above" if the registered office (legal head office) is at the same address as the chief executive office.

[3] Indicate "none" if the Debtor has no other place of business.

[4] If the Debtor is a partnership (other than a limited partnership) or a trust, indicate the stated governing law in the partnership agreement or deed of trust.

[5] Indicate "same as above" if the inventory and equipment of the Debtor are all located at the address(es) specified in 1.

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[6] Indicate make, model, year of manufacture, serial number and any registration or governmental mark or number.

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This is Exhibit "4" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GENERAL SECURITY AGREEMENT
(All present and future assets)
(Canada except Quebec)

GRANTED BY: NOVO HOLDINGS CO. LTD.. (hereafter called the "Debtor")

TO NATIONAL BANK OF CANADA (hereafter called the "Bank").

1. GRANT OF SECURITY INTEREST

1.1 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Bank, the Debtor hereby grants to the Bank a security interest in all of the Debtor's present and after-acquired property and undertaking (collectively, the "Collateral") and also mortgages, charges and assigns the Collateral to the Bank. Without limitation, the Collateral includes all right, title and interest that the Debtor now has or may hereafter have or acquire in any manner whatsoever (including by way of an amalgamation) in all property of the following kinds:

(a) Receivables: all debts, accounts, claims and choses in action for monetary amounts (collectively, the "Receivables");
(b) Inventory: all inventory of whatever kind and wherever situated (collectively, the "Inventory");
(c) Equipment: all machinery, equipment, fixtures, furniture, vehicles and other goods which are not Inventory (collectively, the "Equipment");
(d) Securities: all shares, bonds, debentures and other securities (collectively, the "Securities");
(e) Instruments and Money: all bills, notes, cheques and other instruments (collectively, the "Instruments") and all money;
(f) Documents of Title and Chattel Paper: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not, and all chattel paper;
(g) Intangibles: all intangibles not otherwise described in this Section 1.1 including, without limitation, all goodwill and all patents, trademarks, copyrights and other intellectual property;
(h) Real Property: all real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "Real Property"), and all rights under any lease or agreement relating to Real Property;
(i) Books and Records: all books, invoices, documents and other records in any form evidencing or relating to the Collateral; and
(j) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

1.2 Obligations Secured

The obligations secured by this Agreement include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise (collectively, the "Obligations").

1.3 Certain definitions

(a) The terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act currently in effect in the province referred to in Section 6.12 below;
(b) Any reference in this Agreement to the security granted hereby refers collectively to the security interest, mortgage, charge and assignment hereby granted in favour of the Bank.
(c) Any reference to "Debtor" refers to the undersigned, if one, or to each undersigned, if more than one. When the term "Debtor" designates more than one person or entity, each one shall be jointly and severally liable for the obligations stipulated herein.

1.4 Attachment of Security

The Debtor acknowledges that value has been given and agrees that the security granted hereby attaches upon the execution of this Agreement (or, in the case of any after-acquired property, at the time of acquisition by the Debtor of any rights therein).

1.5 Real Property

(a) With respect to (and only to) Real Property, the security granted hereby is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the Obligations becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge;
(b) The security granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Debtor will hold such last day in trust for the Bank and, upon the enforcement by the Bank of its security, will assign such last day as directed by the Bank.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties

The Debtor hereby represents and warrants to the Bank that:

(a) the principal residence, chief executive office and registered office of the Debtor (as applicable) are located at the addresses specified in Schedule A; for the purposes of the Ontario and the British Columbia *Personal Property Security Act*, the Debtor is governed by the law of the jurisdiction specified in Schedule A, if applicable;
(b) the Inventory and Equipment of the Debtor are located at the addresses specified in Schedule A, except for goods in transit or on lease or consignment; and
(c) all motor vehicles, trailers, mobile or manufactured homes, aircraft, boats and outboard motors ("Serial Numbered Goods") in which the Debtor has rights and used as equipment are fully and accurately described in Schedule "A"; the Debtor will advise the Bank promptly, in writing, of any other Serial Numbered Goods that are held as Equipment and will provide the Bank with full and complete descriptions of such Serial Numbered Goods.

2.2 Covenants

The Debtor covenants with the Bank that the Debtor will:

(a) not change the location of its principal residence, chief executive office, registered office or its governing law, or move any of the Inventory or Equipment from the locations specified in Schedule A hereto, without the written consent of the Bank;
(b) not change its name without first giving written notice to the Bank of its proposed new name and, if the Debtor is a corporation, not amalgamate with any other corporation without the prior written consent of the Bank;
(c) preserve the value of the Collateral, and carry on its business in compliance with all applicable laws and regulations;
(d) not permit any Collateral consisting of personal property to be affixed to real property or to other personal property so as to become a fixture or accession without the written consent of the Bank;
(e) keep the Collateral free and clear of all liens, security interests, mortgages, charges, assignments and other encumbrances or interests except as permitted in writing by the Bank;

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(f) pay all taxes, levies, assessments and government fees or dues payable in respect of the Collateral as and when the same become due, and furnish to the Bank, when requested, evidence of such payment;
(g) whenever requested by the Bank, furnish to the Bank in writing all information requested relating to the Collateral, and the Bank will be entitled from time to time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Bank will have access to all premises occupied by the Debtor or where the Collateral may be found;
(h) ensure that the security granted hereby is at all times fully enforceable and perfected in respect of any Collateral; and
(i) pay to the Bank forthwith upon demand all costs, fees and expenses (including, without limitation, all legal, receiver, consulting and accounting fees and expenses) incurred or charged by the Bank in connection with the preparation, perfection, administration and discharge of this Agreement and the preservation and exercise of the rights, powers and remedies of the Bank; and all such costs, fees and expenses will bear interest at the highest rate borne by any of the Obligations and will form part of the Obligations.

2.3 Schedule A
Each schedule referred to in this Agreement and attached hereto shall form part of this Agreement. Any subsequent modifications to a schedule will be deemed to replace and supersede the earlier version and form part of this Agreement.

3. INSURANCE

3.1 Insurance Covenant
The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limitation, loss by fire, theft, collision and such other risks as are customarily insured against for each type of Collateral, in an amount not less than the full insurable value thereof, with such insurers as are reasonably satisfactory to the Bank.

3.2 Bank loss payee
All insurance policies must name the Bank as an additional insured and loss payee and must provide that the insurer will give the Bank at least 15 days written notice of intended cancellation or non-renewal. At the Bank's request, the Debtor must furnish the Bank with evidence satisfactory to the Bank that the required insurance coverage is in effect. The Debtor must forthwith give the Bank notice of any loss or damage to the Collateral.

4. DEALING WITH COLLATERAL

4.1 Disposition of Collateral by the Debtor
The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Bank, except that the Debtor may, until an Event of Default occurs hereunder, dispose of Inventory in the ordinary course of its business, but all proceeds of any such disposition will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds received by the Debtor.

4.2 Notification of Account Debtors
The Bank may at any time (i) give notice of this Agreement and the security granted hereby to any account debtor of the Debtor or to any other person liable to the Debtor and (ii) give notice to any such account debtor or other person to make all further payments to the Bank. Any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor, whether before or after any notice is given by the Bank will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds.

4.3 Securities
The Bank may have any Securities registered in its name or in the name of its nominee and will be entitled, but not required, to exercise any of the rights that any holder of such Securities may at any time have. However, until an Event of Default occurs, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Bank or which would not violate this Agreement, all voting power from time to time exercisable in respect of the Securities. The Bank will not be responsible for any loss occasioned by its exercise of any of such rights. Before or after an Event of Default occurs hereunder, the Debtor must deliver forthwith to the Bank those Securities requested by the Bank duly endorsed for transfer.

4.4 Proceeds held in Trust for the Bank
All proceeds received by the Debtor from the collection or disposition of Collateral or otherwise will be received by the Debtor as trustee for the Bank, must be held separate and apart from other property and must be paid over to the Bank upon request.

4.5 Application of Funds
All sums collected or received by the Bank in respect of the Collateral may be applied to such parts of the Obligations as the Bank in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Bank may be released to the Debtor, all without prejudice to the Bank's rights against the Debtor.

4.6 Collateral held by the Bank
In the holding of any Collateral, the Bank and any agent on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Bank and any agent on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Bank or its agent to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5. DEFAULT AND REMEDIES

5.1 Events of Default
The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):
(a) the Debtor does not pay to the Bank when payable any sum owing under the Obligations;
(b) the Debtor does not perform any of its covenants or obligations under this Agreement;
(c) any representation or warranty made by the Debtor herein or in any document provided at any time to the Bank in connection with this Agreement is incorrect or misleading in any material respect;
(d) the Debtor is in default under any other agreement with the Bank;
(e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof;
(f) the Debtor is insolvent;
(g) the commencement of any proceeding or the taking of any step by or against the Debtor (i) for the bankruptcy, reorganization, liquidation, dissolution or winding-up of the Debtor, (ii) for an arrangement or compromise with its creditors, or (iii) for the appointment of a trustee, receiver, custodian, liquidator or any other person with similar powers with respect to the Debtor or any part of the Collateral;
(h) the Collateral or any part thereof is seized or otherwise attached or is subject to a taking of possession by anyone and the same is not released or discharged within the shorter of a period of (i) 30 days and (ii) 10 days less than such period as would permit such property to be sold pursuant thereto; or
(i) the Bank believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached.

5.2 Consequences of a Default
On or after the occurrence of any Event of Default, at the option of the Bank, (i) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease; and (iii) the security granted hereby will become immediately enforceable.

5.3 Remedies
In addition to any right or remedy otherwise provided herein or by law, on or after the occurrence of any Event of Default, the Bank will have the rights and remedies set out below, all of which may be enforced successively or concurrently:

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(a) the Bank may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Bank at such places as may be specified by the Bank;
(b) the Bank may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
(c) the Bank may carry on all or any part of the business of the Debtor;
(d) the Bank may enforce any rights of the Debtor in respect of the Collateral;
(e) the Bank may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit, upon such terms and conditions as the Bank may determine and without notice to the Debtor unless required by law;
(f) the Bank may accept the Collateral in total or partial satisfaction of the Obligations in the manner provided by law;
(g) the Bank may, for any purpose specified herein, borrow money on the security of the Collateral, which security will rank in priority to the security granted hereby;
(h) the Bank may occupy and use all or any of the premises, buildings and plants occupied by the Debtor and use all or any of the Equipment and other property of the Debtor for such time as the Bank requires to facilitate the realization of the Collateral, free of charge; the Bank will not be liable for any rent, charges, depreciation or damages in connection with such actions; or
(i) the Bank may appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the whole or any part of the Collateral and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral.

5.4 Powers of the Receiver
Any Receiver will have all of the rights and powers that the Bank is entitled to exercise pursuant to Section 5.3, but the Bank will not be in any way responsible for any misconduct or negligence of any such Receiver.

5.5 Liability of Bank
The Bank will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Bank, the Debtor or any other person in respect of the Collateral. This Agreement and the security granted hereby will not render the Bank liable to observe or perform any covenant or obligation of the Debtor in any agreement or document to which the Debtor is a party or by which it is bound. In the exercise of its rights and the performance of its obligations, the Bank will only be liable for gross negligence or wilful misconduct.

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The Bank may apply any proceeds of realization of the Collateral to payment of costs, fees and expenses mentioned in Section 2.2(i), including those related to the realization of the Collateral, and the Bank may apply any balance to payment of all other Obligations in such order as the Bank sees fit. If there is any surplus remaining, the Bank may pay it to any person entitled thereto by law of whom the Bank has knowledge and any balance remaining may be paid to the Debtor. If the realization of the Collateral fails to satisfy the Obligations, the Debtor will be liable to pay any deficiency to the Bank.

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6.1 Failure of Debtor to Perform
If the Debtor fails to perform any of its covenants or obligations under this Agreement, the Bank may, in its absolute discretion, but without being required to do so, perform any such covenant or obligation. If any such covenant or obligation requires the payment of monies, the Bank may make such payment. All sums so paid by the Bank will be payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such sums. No such performance or payment will relieve the Debtor from any default under this Agreement or any consequences of such default.

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The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to do all things and execute and deliver, documents, financing statements, demands and assignments which the Debtor is obliged to do or execute or deliver hereunder and generally to act in the name of the Debtor in the exercise of any of the powers hereby conferred on the Bank.

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The Bank will be entitled to appoint a consultant to provide such services and advice as the Bank may determine in its sole discretion, with power to enter the Debtor's premises, to inspect and evaluate the Collateral, to make copies of the Debtor's records, to review the Debtor's business plans and projections, to assess the conduct and viability of the Debtor's business, to prepare reports on the Debtor's affairs and to distribute such reports to the Bank or to other such persons as the Bank may direct. Such consultant will act as an agent for the Bank and will owe no duty to the Debtor. The consultant is to have no managerial or advisory capacity and will have no decision making responsibility. The Debtor authorizes the Bank to provide confidential information to the consultant. All fees and expenses in connection with the engagement of a consultant are payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such fees and expenses.

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The Bank may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up any security, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) otherwise waive rights against the Debtor, debtors of the Debtor, guarantors and others and with respect to the Collateral and other security as the Bank sees fit. No such action or omission will reduce the Obligations or affect the Bank's rights hereunder.

6.5 Waivers of Legal Limitations
To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any law which imposes limitations upon the powers, rights or remedies of a secured party, including any law which limits the rights of a secured party to both seize collateral and sue for any deficiency following realization of collateral. Without limitation, the Debtor (if a corporation) agrees that the *Limitation of Civil Rights Act* and Part IV of the *Saskatchewan Farm Securities Act* of the Province of Saskatchewan will not apply to this Agreement or any of the rights, remedies or powers of the Bank or any Receiver hereunder.

6.6 Copy of Documents and Consent to Filings
The Debtor acknowledges having received a copy of this Agreement and waives all rights to receive from the Bank a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Debtor confirms its consent to the filing by the Bank or on its behalf of any such financing statement or financing change statement.

6.7 Notices
Any notice to be given to a party in connection with this Agreement will be given in writing and will be given by personal delivery, by registered mail or by electronic means, addressed to the recipient at its address specified at the end of this Agreement or such other address as may be notified by any party to the other.

6.8 Additional Security and Other Remedies
This Agreement and the security granted hereby are in addition to and not in substitution for any other security or right now or hereafter held by the Bank. This Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Bank. The Bank may sue the Debtor and enforce all of its other rights and remedies in respect of the Obligations without being required to exercise or exhaust any of its rights and remedies hereunder.

6.9 Further Assurances
The Debtor must at its expense do all things and execute and deliver all such financing statements, further assignments and documents as may be reasonably requested by the Bank for the purpose of giving effect to this Agreement and establishing compliance with the obligations of the Debtor hereunder.

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6.10 Discharge
The Debtor will be entitled to a discharge of this Agreement upon written request by the Debtor and full payment, performance and satisfaction of the Obligations. No discharge will be effective unless in writing and executed by the Bank.

6.11 Severability
If any provision of this Agreement were to be found invalid or unenforceable, the remaining terms and provisions of this Agreement will remain in full force and effect.

6.12 Governing Law
This Agreement will be governed by and construed in accordance with the laws of the province in which the office of the Bank specified below is located, except that if such office is located in the province of Quebec, then this Agreement will be governed by and construed in accordance with the laws of the province of Ontario.

This Agreement will bind and be enforceable against the Debtor regardless of whether it has been executed by the Bank.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

Officer Signature(s)

Name:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

(as to all signatures)

Execution Date

Y	M	D
24	11	14

Transferor(s) Signature(s)

NOVO HOLDINGS CO. LTD.
by its authorized signatory(ies):

Print Name: JASON ZANATTA

Print Name:

NATIONAL BANK OF CANADA

2024 11 14
Date of Execution (YYYY MM DD)

By: _____
(Authorized signature)

ADDRESS OF DEBTOR FOR NOTICE PURPOSES:

800 - 885 West Georgia Street, Vancouver BC V6C 3H1

ADDRESS OF BANK FOR NOTICE PURPOSES:

475 Howe Street, Suite 2900, Vancouver, BC V6C 2B3

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SCHEDULE A

To a General Security Agreement made as of November 14th, 2024 between NOVO HOLDINGS CO. LTD., as Debtor and National Bank of Canada, as Bank.

1. **ADDRESS(ES) OF PLACE(S) OF BUSINESS (Section 2.1(a))**
   Principal residence (for individuals only): n/a
   Chief executive office (for businesses only)[1]:
   Registered office (for businesses only)[2]: 800 - 885 West Georgia Street, Vancouver BC V6C 3H1
   Other place(s) of business[3]:
   Governing law[4]: n/a
   [indicate governing law for a trust or partnership (other than a limited partnership), otherwise indicate N/A]:

2. **LOCATION OF INVENTORY AND EQUIPMENT (Section 2.1(b))**
   Address(es)[5]:
3. **EQUIPMENT CONSISTING OF SERIAL NUMBER GOODS (Section 2.1(c))[6]**

1 If the Debtor has only one place of business, indicate the address of that place of business. If the Debtor has more than one place of business, indicate the address of its place of business which is its principal decision-making centre.
2 Indicate "same as above" if the registered office (legal head office) is at the same address as the chief executive office.
3 Indicate "none" if the Debtor has no other place of business.
4 If the Debtor is a partnership (other than a limited partnership) or a trust, indicate the stated governing law in the partnership agreement or deed of trust.
5 Indicate "same as above" if the inventory and equipment of the Debtor are all located at the address(es) specified in 1.

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[6] Indicate make, model, year of manufacture, serial number and any registration or governmental mark or number.

® The National Bank logo is a registered trademark of National Bank of Canada.

This is Exhibit "5" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GENERAL SECURITY AGREEMENT
(All present and future assets)
(Canada except Quebec)

GRANTED BY: _____ZANATTA SEABORNE HOLDINGS LTD. _____. (hereafter called the "Debtor")

TO NATIONAL BANK OF CANADA (hereafter called the "Bank").

1. GRANT OF SECURITY INTEREST

1.1 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Bank, the Debtor hereby grants to the Bank a security interest in all of the Debtor's present and after-acquired property and undertaking (collectively, the "Collateral") and also mortgages, charges and assigns the Collateral to the Bank. Without limitation, the Collateral includes all right, title and interest that the Debtor now has or may hereafter have or acquire in any manner whatsoever (including by way of an amalgamation) in all property of the following kinds:

(a) Receivables: all debts, accounts, claims and choses in action for monetary amounts (collectively, the "Receivables");
(b) Inventory: all inventory of whatever kind and wherever situated (collectively, the "Inventory");
(c) Equipment: all machinery, equipment, fixtures, furniture, vehicles and other goods which are not Inventory (collectively, the "Equipment");
(d) Securities: all shares, bonds, debentures and other securities (collectively, the "Securities");
(e) Instruments and Money: all bills, notes, cheques and other instruments (collectively, the "Instruments") and all money;
(f) Documents of Title and Chattel Paper: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not, and all chattel paper;
(g) Intangibles: all intangibles not otherwise described in this Section 1.1 including, without limitation, all goodwill and all patents, trademarks, copyrights and other intellectual property;
(h) Real Property: all real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "Real Property"), and all rights under any lease or agreement relating to Real Property;
(i) Books and Records: all books, invoices, documents and other records in any form evidencing or relating to the Collateral; and
(j) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

1.2 Obligations Secured

The obligations secured by this Agreement include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise (collectively, the "Obligations").

1.3 Certain definitions

(a) The terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act currently in effect in the province referred to in Section 6.12 below;
(b) Any reference in this Agreement to the security granted hereby refers collectively to the security interest, mortgage, charge and assignment hereby granted in favour of the Bank.
(c) Any reference to "Debtor" refers to the undersigned, if one, or to each undersigned, if more than one. When the term "Debtor" designates more than one person or entity, each one shall be jointly and severally liable for the obligations stipulated herein.

1.4 Attachment of Security

The Debtor acknowledges that value has been given and agrees that the security granted hereby attaches upon the execution of this Agreement (or, in the case of any after-acquired property, at the time of acquisition by the Debtor of any rights therein).

1.5 Real Property

(a) With respect to (and only to) Real Property, the security granted hereby is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the Obligations becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge;
(b) The security granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Debtor will hold such last day in trust for the Bank and, upon the enforcement by the Bank of its security, will assign such last day as directed by the Bank.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties

The Debtor hereby represents and warrants to the Bank that:

(a) the principal residence, chief executive office and registered office of the Debtor (as applicable) are located at the addresses specified in Schedule A; for the purposes of the Ontario and the British Columbia *Personal Property Security Act*, the Debtor is governed by the law of the jurisdiction specified in Schedule A, if applicable;
(b) the Inventory and Equipment of the Debtor are located at the addresses specified in Schedule A, except for goods in transit or on lease or consignment; and
(c) all motor vehicles, trailers, mobile or manufactured homes, aircraft, boats and outboard motors ("Serial Numbered Goods") in which the Debtor has rights and used as equipment are fully and accurately described in Schedule "A"; the Debtor will advise the Bank promptly, in writing, of any other Serial Numbered Goods that are held as Equipment and will provide the Bank with full and complete descriptions of such Serial Numbered Goods.

2.2 Covenants

The Debtor covenants with the Bank that the Debtor will:

(a) not change the location of its principal residence, chief executive office, registered office or its governing law, or move any of the Inventory or Equipment from the locations specified in Schedule A hereto, without the written consent of the Bank;
(b) not change its name without first giving written notice to the Bank of its proposed new name and, if the Debtor is a corporation, not amalgamate with any other corporation without the prior written consent of the Bank;
(c) preserve the value of the Collateral, and carry on its business in compliance with all applicable laws and regulations;
(d) not permit any Collateral consisting of personal property to be affixed to real property or to other personal property so as to become a fixture or accession without the written consent of the Bank;
(e) keep the Collateral free and clear of all liens, security interests, mortgages, charges, assignments and other encumbrances or interests except as permitted in writing by the Bank;

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(f) pay all taxes, levies, assessments and government fees or dues payable in respect of the Collateral as and when the same become due, and furnish to the Bank, when requested, evidence of such payment;
(g) whenever requested by the Bank, furnish to the Bank in writing all information requested relating to the Collateral, and the Bank will be entitled from time to time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Bank will have access to all premises occupied by the Debtor or where the Collateral may be found;
(h) ensure that the security granted hereby is at all times fully enforceable and perfected in respect of any Collateral; and
(i) pay to the Bank forthwith upon demand all costs, fees and expenses (including, without limitation, all legal, receiver, consulting and accounting fees and expenses) incurred or charged by the Bank in connection with the preparation, perfection, administration and discharge of this Agreement and the preservation and exercise of the rights, powers and remedies of the Bank; and all such costs, fees and expenses will bear interest at the highest rate borne by any of the Obligations and will form part of the Obligations.

2.3 Schedule A
Each schedule referred to in this Agreement and attached hereto shall form part of this Agreement. Any subsequent modifications to a schedule will be deemed to replace and supersede the earlier version and form part of this Agreement.

3. INSURANCE

3.1 Insurance Covenant
The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limitation, loss by fire, theft, collision and such other risks as are customarily insured against for each type of Collateral, in an amount not less than the full insurable value thereof, with such insurers as are reasonably satisfactory to the Bank.

3.2 Bank loss payee
All insurance policies must name the Bank as an additional insured and loss payee and must provide that the insurer will give the Bank at least 15 days written notice of intended cancellation or non-renewal. At the Bank's request, the Debtor must furnish the Bank with evidence satisfactory to the Bank that the required insurance coverage is in effect. The Debtor must forthwith give the Bank notice of any loss or damage to the Collateral.

4. DEALING WITH COLLATERAL

4.1 Disposition of Collateral by the Debtor
The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Bank, except that the Debtor may, until an Event of Default occurs hereunder, dispose of Inventory in the ordinary course of its business, but all proceeds of any such disposition will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds received by the Debtor.

4.2 Notification of Account Debtors
The Bank may at any time (i) give notice of this Agreement and the security granted hereby to any account debtor of the Debtor or to any other person liable to the Debtor and (ii) give notice to any such account debtor or other person to make all further payments to the Bank. Any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor, whether before or after any notice is given by the Bank will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds.

4.3 Securities
The Bank may have any Securities registered in its name or in the name of its nominee and will be entitled, but not required, to exercise any of the rights that any holder of such Securities may at any time have. However, until an Event of Default occurs, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Bank or which would not violate this Agreement, all voting power from time to time exercisable in respect of the Securities. The Bank will not be responsible for any loss occasioned by its exercise of any of such rights. Before or after an Event of Default occurs hereunder, the Debtor must deliver forthwith to the Bank those Securities requested by the Bank duly endorsed for transfer.

4.4 Proceeds held in Trust for the Bank
All proceeds received by the Debtor from the collection or disposition of Collateral or otherwise will be received by the Debtor as trustee for the Bank, must be held separate and apart from other property and must be paid over to the Bank upon request.

4.5 Application of Funds
All sums collected or received by the Bank in respect of the Collateral may be applied to such parts of the Obligations as the Bank in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Bank may be released to the Debtor, all without prejudice to the Bank's rights against the Debtor.

4.6 Collateral held by the Bank
In the holding of any Collateral, the Bank and any agent on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Bank and any agent on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Bank or its agent to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5. DEFAULT AND REMEDIES

5.1 Events of Default
The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):
(a) the Debtor does not pay to the Bank when payable any sum owing under the Obligations;
(b) the Debtor does not perform any of its covenants or obligations under this Agreement;
(c) any representation or warranty made by the Debtor herein or in any document provided at any time to the Bank in connection with this Agreement is incorrect or misleading in any material respect;
(d) the Debtor is in default under any other agreement with the Bank;
(e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof;
(f) the Debtor is insolvent;
(g) the commencement of any proceeding or the taking of any step by or against the Debtor (i) for the bankruptcy, reorganization, liquidation, dissolution or winding-up of the Debtor, (ii) for an arrangement or compromise with its creditors, or (iii) for the appointment of a trustee, receiver, custodian, liquidator or any other person with similar powers with respect to the Debtor or any part of the Collateral;
(h) the Collateral or any part thereof is seized or otherwise attached or is subject to a taking of possession by anyone and the same is not released or discharged within the shorter of a period of (i) 30 days and (ii) 10 days less than such period as would permit such property to be sold pursuant thereto; or
(i) the Bank believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached.

5.2 Consequences of a Default
On or after the occurrence of any Event of Default, at the option of the Bank, (i) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease; and (iii) the security granted hereby will become immediately enforceable.

5.3 Remedies
In addition to any right or remedy otherwise provided herein or by law, on or after the occurrence of any Event of Default, the Bank will have the rights and remedies set out below, all of which may be enforced successively or concurrently:

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(a) the Bank may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Bank at such places as may be specified by the Bank;
(b) the Bank may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
(c) the Bank may carry on all or any part of the business of the Debtor;
(d) the Bank may enforce any rights of the Debtor in respect of the Collateral;
(e) the Bank may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit, upon such terms and conditions as the Bank may determine and without notice to the Debtor unless required by law;
(f) the Bank may accept the Collateral in total or partial satisfaction of the Obligations in the manner provided by law;
(g) the Bank may, for any purpose specified herein, borrow money on the security of the Collateral, which security will rank in priority to the security granted hereby;
(h) the Bank may occupy and use all or any of the premises, buildings and plants occupied by the Debtor and use all or any of the Equipment and other property of the Debtor for such time as the Bank requires to facilitate the realization of the Collateral, free of charge; the Bank will not be liable for. any rent, charges, depreciation or damages in connection with such actions; or
(i) the Bank may appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the whole or any part of the Collateral and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral.

5.4 Powers of the Receiver
Any Receiver will have all of the rights and powers that the Bank is entitled to exercise pursuant to Section 5.3, but the Bank will not be in any way responsible for any misconduct or negligence of any such Receiver.

5.5 Liability of Bank
The Bank will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Bank, the Debtor or any other person in respect of the Collateral. This Agreement and the security granted hereby will not render the Bank liable to observe or perform any covenant or obligation of the Debtor in any agreement or document to which the Debtor is a party or by which it is bound. In the exercise of its rights and the performance of its obligations, the Bank will only be liable for gross negligence or wilful misconduct.

5.6 Proceeds of Realization
The Bank may apply any proceeds of realization of the Collateral to payment of costs, fees and expenses mentioned in Section 2.2(i), including those related to the realization of the Collateral, and the Bank may apply any balance to payment of all other Obligations in such order as the Bank sees fit. If there is any surplus remaining, the Bank may pay it to any person entitled thereto by law of whom the Bank has knowledge and any balance remaining may be paid to the Debtor. If the realization of the Collateral fails to satisfy the Obligations, the Debtor will be liable to pay any deficiency to the Bank.

6. GENERAL

6.1 Failure of Debtor to Perform
If the Debtor fails to perform any of its covenants or obligations under this Agreement, the Bank may, in its absolute discretion, but without being required to do so, perform any such covenant or obligation. If any such covenant or obligation requires the payment of monies, the Bank may make such payment. All sums so paid by the Bank will be payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such sums. No such performance or payment will relieve the Debtor from any default under this Agreement or any consequences of such default.

6.2 Power of Attorney
The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to do all things and execute and deliver, documents, financing statements, demands and assignments which the Debtor is obliged to do or execute or deliver hereunder and generally to act in the name of the Debtor in the exercise of any of the powers hereby conferred on the Bank.

6.3 Appointment of Consultant
The Bank will be entitled to appoint a consultant to provide such services and advice as the Bank may determine in its sole discretion, with power to enter the Debtor's premises, to inspect and evaluate the Collateral, to make copies of the Debtor's records, to review the Debtor's business plans and projections, to assess the conduct and viability of the Debtor's business, to prepare reports on the Debtor's affairs and to distribute such reports to the Bank or to other such persons as the Bank may direct. Such consultant will act as an agent for the Bank and will owe no duty to the Debtor. The consultant is to have no managerial or advisory capacity and will have no decision making responsibility. The Debtor authorizes the Bank to provide confidential information to the consultant. All fees and expenses in connection with the engagement of a consultant are payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such fees and expenses.

6.4 Waivers by Debtor
The Bank may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up any security, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) otherwise waive rights against the Debtor, debtors of the Debtor, guarantors and others and with respect to the Collateral and other security as the Bank sees fit. No such action or omission will reduce the Obligations or affect the Bank's rights hereunder.

6.5 Waivers of Legal Limitations
To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any law which imposes limitations upon the powers, rights or remedies of a secured party, including any law which limits the rights of a secured party to both seize collateral and sue for any deficiency following realization of collateral. Without limitation, the Debtor (if a corporation) agrees that the *Limitation of Civil Rights Act* and Part IV of the *Saskatchewan Farm Securities Act* of the Province of Saskatchewan will not apply to this Agreement or any of the rights, remedies or powers of the Bank or any Receiver hereunder.

6.6 Copy of Documents and Consent to Filings
The Debtor acknowledges having received a copy of this Agreement and waives all rights to receive from the Bank a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Debtor confirms its consent to the filing by the Bank or on its behalf of any such financing statement or financing change statement.

6.7 Notices
Any notice to be given to a party in connection with this Agreement will be given in writing and will be given by personal delivery, by registered mail or by electronic means, addressed to the recipient at its address specified at the end of this Agreement or such other address as may be notified by any party to the other.

6.8 Additional Security and Other Remedies
This Agreement and the security granted hereby are in addition to and not in substitution for any other security or right now or hereafter held by the Bank. This Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Bank. The Bank may sue the Debtor and enforce all of its other rights and remedies in respect of the Obligations without being required to exercise or exhaust any of its rights and remedies hereunder.

6.9 Further Assurances
The Debtor must at its expense do all things and execute and deliver all such financing statements, further assignments and documents as may be reasonably requested by the Bank for the purpose of giving effect to this Agreement and establishing compliance with the obligations of the Debtor hereunder.

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6.10 Discharge
The Debtor will be entitled to a discharge of this Agreement upon written request by the Debtor and full payment, performance and satisfaction of the Obligations. No discharge will be effective unless in writing and executed by the Bank.

6.11 Severability
If any provision of this Agreement were to be found invalid or unenforceable, the remaining terms and provisions of this Agreement will remain in full force and effect.

6.12 Governing Law
This Agreement will be governed by and construed in accordance with the laws of the province in which the office of the Bank specified below is located, except that if such office is located in the province of Quebec, then this Agreement will be governed by and construed in accordance with the laws of the province of Ontario.

This Agreement will bind and be enforceable against the Debtor regardless of whether it has been executed by the Bank.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

Officer Signature(s)

Name: LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

(as to all signatures)

Execution Date

Y	M	D
24	11	14

Transferor(s) Signature(s)

ZANATTA SEABORNE HOLDINGS LTD. by its authorized signatory(ies):

Print Name: JASON ZANATTA

Print Name:

NATIONAL BANK OF CANADA

2024 11 14
Date of Execution (YYYY MM DD)

By: _____
(Authorized signature)

ADDRESS OF DEBTOR FOR NOTICE PURPOSES:

2130-955 Seaborne Avenue, Port Coquitlam, BC, V3B 0R9

ADDRESS OF BANK FOR NOTICE PURPOSES:

475 Howe Street, Suite 2900, Vancouver, BC V6C 2B3

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SCHEDULE A

14 November

To a General Security Agreement made as of _____, 2024 between _____ZANATTA SEABORNE HOLDINGS LTD. _____., as Debtor and National Bank of Canada, as Bank.

1. **ADDRESS(ES) OF PLACE(S) OF BUSINESS (Section 2.1(a))**

   Principal residence (for individuals only): n/a

   Chief executive office (for businesses only)[1]: 2130-955 Seaborne Avenue, Port Coquitlam, BC, V3B 0R9

   Registered office (for businesses only)[2]: 800 - 885 West Georgia Street, Vancouver BC V6C 3H1

   Other place(s) of business[3]: none

   Governing law[4]: n/a

   [indicate governing law for a trust or partnership (other than a limited partnership), otherwise indicate N/A]:

2. **LOCATION OF INVENTORY AND EQUIPMENT (Section 2.1(b))**

   Address(es)[5]: same as above

3. **EQUIPMENT CONSISTING OF SERIAL NUMBER GOODS (Section 2.1(c))[6]**

[1] If the Debtor has only one place of business, indicate the address of that place of business. If the Debtor has more than one place of business, indicate the address of its place of business which is its principal decision-making centre.

[2] Indicate "same as above" if the registered office (legal head office) is at the same address as the chief executive office.

[3] Indicate "none" if the Debtor has no other place of business.

[4] If the Debtor is a partnership (other than a limited partnership) or a trust, indicate the stated governing law in the partnership agreement or deed of trust.

[5] Indicate "same as above" if the inventory and equipment of the Debtor are all located at the address(es) specified in 1.

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[6] Indicate make, model, year of manufacture, serial number and any registration or governmental mark or number.

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This is Exhibit "**6**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   NOVO TEXTILE COMPANY LTD.

   (the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantees payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), for an unlimited amount, with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

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that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by telecopier, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this guarantee signed by the Guarantor (including by electronic signature) has the same effect as if the Guarantor had manually delivered to the Bank a copy of this guarantee signed by it. Such electronic counterparts are deemed to be originals.

18. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

19. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

20. The undersigned acknowledge and agree that it is the intention of the parties that this guarantee be construed as a deed.

IN WITNESS WHEREOF the Guarantor has signed at Vancouver, British Columbia
this 14th day of November 2024.

SIGNED AND DELIVERED

WITNESS

First name and last name (*in block letters*):

First name and last name (*in block letters*):

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

GUARANTOR: NOVO HOLDINGS CO. LTD.
by its authorized signatory(ies):

Name: JASON MICHAEL ZANATTA

Name:

This is Exhibit "7" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   NOVO TEXTILE COMPANY LTD.

   (the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantees payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), for an unlimited amount, with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

* The National Bank logo is a registered trademark of National Bank of Canada.

that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by telecopier, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this guarantee signed by the Guarantor (including by electronic signature) has the same effect as if the Guarantor had manually delivered to the Bank a copy of this guarantee signed by it. Such electronic counterparts are deemed to be originals.

18. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

19. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

20. The undersigned acknowledge and agree that it is the intention of the parties that this guarantee be construed as a deed.

IN WITNESS WHEREOF the Guarantor has signed at Vancouver, British Columbia
this 14th day of November 2024.

SIGNED AND DELIVERED

WITNESS

First name and last name (*in block letters*):

First name and last name (*in block letters*):

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER BC V6C 3H1
T. [illegible]00

GUARANTOR: **ZANATTA SEABORNE HOLDINGS LTD.**
by its authorized signatory(ies):

Name: JASON MICHAEL ZANATTA

Name:

This is Exhibit "**8**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

NOVO TEXTILE COMPANY LTD.

(the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to

One million six hundred ten thousand in Canadian dollars

($ 1,610,000.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

National Bank is a trademark used by National Bank of Canada.

that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Vancouver
this 14th day of November 2024.

SIGNED, SEALED AND DELIVERED

WITNESS

First name and last name *(in block letters)*:

Address:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

GUARANTOR: ZANATTA FAMILY TRUST
by its trustee:

Name: JASON MICHAEL ZANATTA

Name:

This is Exhibit "9" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   NOVO TEXTILE COMPANY LTD.

   (the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to

   One million six hundred ten thousand in Canadian dollars

   ($ 1,610,000.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

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6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

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10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

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13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

National Bank is a trademark used by National Bank of Canada.

that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

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18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Vancouver
this 14th day of November 2024.

SIGNED, SEALED AND DELIVERED

WITNESS

First name and last name (in block letters):

Address:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

GUARANTOR:

JASON MICHAEL ZANATTA

This is Exhibit "**10**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British ~~Columbia~~

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NATIONAL BANK

October 18th, 2024

ZANATTA SEABORNE HOLDINGS LTD.
Jason Michael Zanatta
2130-955 Seaborne Avenue
Port Coquitlam, British Columbia, V3B 0R9

Re: Offer of Financing

Dear Client,

At National Bank, offering tailored solutions is a priority. We are therefore pleased to present to **ZANATTA SEABORNE HOLDINGS LTD.** (the "Borrower") the following offer of financing:

	Financing product(s)	Amount	Status
A	Term Loan	$1,201,000.00 CAD	New

The offer of financing includes: the terms and conditions of the financing products, the required security, conditions, fees and other provisions set out in Schedule A.

This offer of financing is valid until November 18th, 2024 before 5 p.m. To accept this offer, you must return a signed copy of it to us. After this date, the Bank may cancel or amend this offer without notifying you.

Yours truly,

Signed by:
Harpreet Rosodi
E4A1257948A4498

Harpreet Rosodi
Manager
Commercial Banking

Signed by:
2F2074B61DE447D

Devika Vaghadia
Associate Vice-President
Commercial Banking

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1. Financing products

A. Term Loan – $1,201,000.00

Purpose	Repayment of all the amounts due by the Borrower to Business Development Bank of Canada
Term	***If floating rate*** 12 months as of the date of the final disbursement ***If fixed rate*** 12-36 months as of the date of the final disbursement
Amortization	300 months
Interest rate	Canadian Prime Rate plus 1.20% per annum Rate offered by the Bank when the loan is converted and accepted by the Borrower
Option to convert interest rate	Rate offered by the Bank when the loan is converted and accepted by the Borrower
Disbursement	Single disbursement to be made no later than November 30th, 2024
Repayment	Of principal by monthly payments of $4,003.34, with the balance payable in full at the end of the term. Applicable for fixed rate only: By monthly blended payments of principal and interest, the amount of which will be determined on the disbursement date, with the balance payable in full at the end of the term.

2. Security

All the Borrower's obligations to the Bank must at all times be secured by all of the following security. However, the following table or security documents can provide for certain obligations to be secured by specific security. In all cases, the Borrower must sign the documentation required by the Bank.

Borrower

		Status	Related product(s)
General security agreement	1st ranking on all personal property	**(to be obtained)**	ALL
Charge/ mortgage	1st ranking collateral mortgage in the amount of $2,100,000.00 on the real property located at 2130-950 Seaborne Avenue, Port Coquitlam, British Columbia, V3B 0R9, as well as a general assignment of rents	**(to be obtained)**	ALL

Guarantor

		Status	Related product(s)
Guarantee	In the amount of $300,500.00 from Jason Michael Zanatta		

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Guarantee	Unlimited from NOVO TEXTILE COMPANY LTD.	**(to be obtained)**	ALL
Guarantee	Unlimited from NOVO HOLDINGS CO. LTD.	**(to be obtained)**	ALL
Guarantee	In the amount of $300,500.00 from ZANATTA FAMILY TRUST	**(to be obtained)**	ALL

The obligations resulting from the guarantee must at all times be secured by the following security:

General security agreement	1st ranking on all personal property of NOVO TEXTILE COMPANY LTD.	**(to be obtained)**	ALL
General security agreement	1st ranking on all personal property of NOVO HOLDINGS CO. LTD.	**(to be obtained)**	ALL

Other security, documents or agreements

		Status	Related product(s)
Subordination	By Jason Michael Zanatta relating to the redemption of all the shares and units of the Borrower and the payment of all claims and sums that are or will become due by the Borrower to Jason Michael Zanatta	**(to be obtained)**	
Subordination	By NOVO HOLDINGS CO. LTD. relating to the redemption of all the shares and units of the Borrower and the payment of all claims and sums that are or will become due by the Borrower to NOVO HOLDINGS CO. LTD.	**(to be obtained)**	ALL
Subordination	By ZANATTA FAMILY TRUST relating to the redemption of all the shares and units of the Borrower and the payment of all claims and sums that are or will become due by the Borrower to ZANATTA FAMILY TRUST	**(to be obtained)**	ALL
Rider	Designating the Bank as the beneficiary of the proceeds of the insurance policies covering all property given as security, up to its full replacement value as well as a copy of the insurance policy	**(to be obtained)**	ALL

3. Conditions

The financing products are subject to the following specific conditions in addition to the conditions set out in Schedule A.

Other applicable conditions

Presentation of documents	At the latest on the 90th day following the end of the fiscal year, produce the following lists: proof of payment of municipal and school taxes

Financial conditions

The Borrower must provide:

Financial statements	Notice to reader (compilation engagement) non consolidated of the Borrower	Annually within 90 days of fiscal year-end

	Notice to reader (compilation engagement) non consolidated of ZANATTA SEABORNE 2 HOLDINGS LTD.	Annually within 90 days of fiscal year-end
	Notice to reader (compilation engagement) non consolidated of NOVO HOLDINGS CO. LTD.	Annually within 90 days of fiscal year-end
	Review engagement non consolidated of NOVO TEXTILE COMPANY LTD.	Annually within 90 days of fiscal year-end

Financial ratios

The Borrower must comply with:

Fixed-charge coverage ratio[1]	Of at least: 1.20 to maintain, based on the annual financial statements combined with ZANATTA SEABORNE 2 HOLDINGS LTD. and NOVO TEXTILE COMPANY LTD.
Debt/equity ratio[1]	Of no more than: 3.00 to maintain, based on the annual financial statements combined with ZANATTA SEABORNE 2 HOLDINGS LTD. and NOVO TEXTILE COMPANY LTD.

[1]As defined in Schedule A

Conditions required to disburse the financing products:

- A proof that all property taxes and land transfer duties for any property given as security have been paid in full, without subrogation
- Borrowers' title insurance policy satisfactory to the Bank for any property given as security for the amount of the financing product(s) [product(s)] confirming that the charge/hypothec granted is first ranking on the property given as security, subject to the encumbrances permitted by the Bank
- Duly completed environmental questionnaire of the Bank and a phase 1 environmental report addressed to the Bank and, if required, a phase 2 environmental report addressed to the Bank for the property granted as security
- Lease for the premises where the Borrower carries out its activities, as lessee for an original minimum term of 5 years and not containing any clause permitting the termination or cancellation thereof before term in the absence of the default of either of the parties
- Written opinion of the legal advisors mandated by the Bank on the publication and rank of the security provided in this offer and confirming that the property given as security to the Bank located at 2130-950 Seaborne Avenue, Port Coquitlam, British Columbia, V3B 0R9 is the property of the Borrower, by good, valid and marketable title, and free and clear of all security and other charges
- Proof of insurance
- Provide Personal Net worth
- Environmental indemnity agreement

4. Fees

Negotiation fees	Payable on acceptance of this offer: $0.00
Other fees	See other fees in Schedule A

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5. Complementary financial protection offer*

[X] The undersigned wish(es) to meet with an expert to analyze the financial protection needs of the owner, shareholder or officer of his (their) company. A financial planning advisor from National Bank Planning and Benefits will contact him (them) in the coming days to provide him (them) with more information.

[ ] The undersigned refuse(s) to be contacted.

*This complementary financial protection offer is intended only to the borrower's representative(s)

6. Acceptance

The undersigned confirms having read and understood this offer and Schedule A which forms an integral part of the offer, and accepts all terms, conditions, security and obligations.

Signed at _____, province of British Columbia, on the 2024-10-31 day of _____ 20 ___.

ZANATTA SEABORNE HOLDINGS LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... _____ By: _____

Jason Michael Zanatta

jasonz@novoshield.ca
Email address

Email address

By: _____ By: _____

Email address

Email address

Guarantor(s)

The undersigned confirms/confirm having read and understood this offer and Schedule A which forms part of this offer, and hereby accepts/accept the terms, conditions and obligations hereof.

Signed at _____, province of British Columbia, on the 2024-10-31 day of _____ 20 ___.

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Signed by:
Jason Zanatta
D2BC3A0EE4594DA...
Jason Michael Zanatta

jasonz@novoshield.ca
Email address

NOVO HOLDINGS CO. LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... Jason Michael Zanatta
jasonz@novoshield.ca
Email address

By: _____
Email address

By: _____
Email address

By: _____
Email address

NOVO TEXTILE COMPANY LTD

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... Jason Michael Zanatta
jasonz@novoshield.ca
Email address

By: _____
Email address

By: _____
Email address

By: _____
Email address

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ZANATTA FAMILY TRUST, acting through its authorized trustees

By : Signed by: Jason Zanatta D2BC3A0EE4594DA...
Jason Michael Zanatta
Trustee

jasonz@novoshield.ca
[Email address]

By : _____
[First and last name]
Trustee

_____
[Email address]

By : _____
[First and last name]
Trustee

_____
[Email address]

By : _____
[First and last name]
Trustee

_____
[Email address]

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SCHEDULE A

Offer of Financing of National Bank of Canada

Conditions governing financing products

Disbursement and repayment conditions

The Borrower may have a financing product disbursed or renewed when:

1. The conditions set out in the offer of financing (and any other agreement between the Borrower and the Bank, if applicable) have been met;
2. The required charges and fees have been paid;
3. Any document required by the Bank has been signed and given to it;
4. Security interests have been registered, with the applicable rank, when required; and
5. No material unfavourable change has occurred.

Disbursements and repayments must be made on the dates set out in this offer; otherwise, the Bank may, at its discretion, refuse to make any disbursement. If a payment is payable on a non-business day, the payment will be made on the next business day.

Demand financing products

Products covered. The demand financing products are as follows: line of credit, line of credit with temporary operating credit, line of credit in CAD$ by way of account overdrafts, line of credit in USD$ by way of account overdrafts, line of credit for letters of guarantee, line of credit for letters of credit, letter of guarantee, letter of credit, demand loan, Mastercard credit, credit for the financing of tax credits, credit for the financing of taxes, electronic funds transfer settlement risk, settlement risk for accounts held at the Bank's New York City branch.

The following also constitute demand financing products: bridge financing with option to convert to term loan for the portion of the credit not converted at term; credit for capital expenditures for the undisbursed credit portion; global net risk line for derivatives for the portion of risk for which there is no contract between the Bank and the Borrower.

Notion. Demand financing products are payable by the Borrower at any time at the Bank's sole discretion. The Bank may therefore at any time, before or after a request for repayment to the Borrower, terminate these products and stop making new advances, without delay or notice to the Borrower. These products are payable at any time, in full or in part, without penalties.

Annual fee. The Borrower must pay an annual review fee for any demand financing product in effect on the anniversary date of this offer.

Overrun of the available amount. When the used amount of a financing product exceeds the amount available as set out in this offer, the Borrower must immediately repay the difference. If the Bank were to temporarily tolerate such overrun, it could require:

1. The immediate payment of a lump sum so that the amount used is equal to or less than the available amount;
2. That new investments, securities or other financial assets be given as security.

The Borrower will then have to pay the Bank fees of 1% on the overrun amount, with minimum fees of $100.00.

If the Bank does not tolerate the overrun, the Borrower must repay in full the balance of the financing product, plus all fees and interest accrued.

Overrun of the authorized amount. When the amount owed by the Borrower exceeds the authorized amount of the financing product, the Borrower must immediately repay the excess amount to the Bank. If the Bank tolerates the overrun, the Borrower must pay the applicable fees.

Deposits to the Bank. The Borrower will have to deposit all of the amounts from the operations of its business, including accounts receivable, in its current account held at the Bank.

Separate agreements. Certain financing products are also governed by separate agreements: Mastercard credit card, letter of guarantee or letter of credit, global net risk line for derivatives and electronic funds transfer settlement risk.

For these products, the Borrower must meet all the conditions set out in this offer, as well as the conditions set out in any applicable separate agreement.

Approval. The approval of each request to issue, renew or extend a letter of credit or a letter of guarantee or a transaction request related to the global net risk line for derivatives or electronic funds transfer settlement risk remains subject to the Bank's sole discretion.

Specific rules: letters of guarantee and letters of credit. A written notice will be sent 30 days before the effective date of any change to the fees set out in the Import Export Products and Services Fee Guide to all borrowers having used Import-Export products and services at least twice over the 12 months preceding the change in question; otherwise, the most recent version of this guide will be available on demand in branches or from the Borrower's Account Manager.

The amount of credit available under which the letter of guarantee or letter of credit is issued will be reduced by 100% of the amount of the letters of guarantee and the percentages(s) set out in this offer for letters of credit. Upon payment, this letter becomes a floating-rate advance under the credit affected by the issue.

Global net risk line for derivatives. The global line allows the Borrower to enter into contracts with the Bank with respect to:

1. Interest rate derivatives;
2. The sale or purchase of foreign currencies freely negotiated by the Bank;
3. Commodity derivatives; or
4. Other treasury products offered by the Bank.

The amount of the risk of each transaction will be determined by the Bank in accordance with the applicable level of risk and fee schedule then in effect at the Bank.

The agreements related to this product are: the declaration of the risks relating to credit with interest rate swaps, the foreign currency conversion agreement, the *International Swap and Derivatives Association* (ISDA) master agreement, the *Credit Support Annex* (CSA) agreement and the confirmation, as applicable, of any transaction.

Term financing products

Products covered. The term financing products are as follows: term loan, non-revolving special credit for capital expenditures (when disbursed), revolving term credit, term loan granted under the *Canada Small Business Financing Act*, bridge financing with option to convert to a term loan (when converted), Agri Flex financing and mortgage loan.

Verbal agreements for certain terms and conditions. The Borrower and the Bank can verbally agree on the following terms and conditions: term extension, new term, applicable interest rate, payment method and payment dates.

The product remains subject to the other conditions then applicable.

These terms and conditions may be confirmed to the Borrower and the guarantor by email or by regular mail.

Neither the Bank nor the Borrower are obligated to extend the term of a product. At the end of the term, the Borrower can repay the product in full and the Bank can request repayment of the product.

Annual fee. The Borrower must pay an annual review fee for any term financing product (except for a term loan granted under the *Canada Small Business Financing Act* for which the first disbursement was made prior to April 1, 2014) in effect on the anniversary date of this offer.

Application of payments. The Bank may, at its discretion, apply any payment first to the interest and then to the principal or any other amount owed by the Borrower.

When the Bank temporarily tolerates a late payment, the Borrower will pay the Bank late fees according to the established payment frequency. These fees will be calculated at the rate of 2.00% on the amount of the late payment until this payment is made is full, with minimum fees of $10.00 per payment.

Option to convert a floating rate to a fixed rate. When offered and approved, the following conditions apply to this option:

1. The Borrower may exercise or renew it (when the fixed-rate period expires) with a prior written notice to the Bank of at least two business days;
2. The fixed-rate period will be no less than 12 months without exceeding the term of the product.

If the Borrower does not exercise the option, the fixed rate reverts to the floating rate applicable to the product concerned.

Repayment before the end of the term

> **Floating-rate disbursements.** The Borrower may repay the amounts disbursed if the repayment is made from the Borrower's excess generated funds or through a capital stock issue. If the repayment comes from other sources, the Bank will apply a penalty of three months' interest on the repaid principal and withhold this penalty from the Borrower's repayment.

> Partial repayments will be applied to the final payment of principal or interest or any other amount owed by the Borrower, at the Bank's discretion.

> **Fixed-rate disbursements.** The Borrower cannot repay, without the Bank's consent, all or part of the amounts disbursed before the end of the term.

If the Bank consents to accept such repayment, the Borrower will pay the Bank on the repayment date a sum corresponding to the greater of the following two amounts:

1. Three months' interest, calculated on the repayment amount and at the interest rate of the term financing product; or
2. The excess of (i) the interest that the repayment would generate at the interest rate of this financing product during the period remaining between the repayment date and the end of the term, on (ii) the interest that the repayment amount would generate during the same period at the rate in effect at the Bank on the repayment date for a new financing product of a similar nature and for a term corresponding to this period.

This amount will also be payable for any repayment required by the Bank before the end of the term further to an event of default stipulated herein, including any repayment resulting from the realization of security or a claim under an insolvency law.

The purpose of the above amount payable is, in particular, to compensate the Bank for the loss of income suffered as a result of the repayment before the end of the term.

> **Annual repayment option.** When offered, this option allows the Borrower to make a non-cumulative repayment before the end of the term, up to 15% of the original disbursed amount of the covered product as of the first anniversary date of the final disbursement, without penalty. Such repayment must come from the Borrower's generated funds or through a capital stock issue increase, and will be applied without any change to the original method of payment, which will remain in force.

Cost overrun. The Bank may stop disbursing on any project that results in an overrun of the costs initially planned, until these costs are assumed by the Borrower and its shareholders, partners and affiliated companies.

Representations and warranties

The Borrower and any guarantor hereby represent and warrant to the Bank the truth and accuracy of the following:

> **Legal existence.** It is duly constituted and organized, validly existing and operating in accordance with the laws applicable to it.

> **Power and capacity.** It has the required power and capacity to execute this offer and the security documents, and perform its obligations under these documents.

- **Compliance with obligations.** It complies with its contractual obligation towards the Bank and any other party.
- **Commercial activities.** The Borrower contracts the financing covered by this offer for its commercial activities.
- **Financial information.** The balance sheet, the most recent financial statements and other financial information submitted to the Bank are true, accurate and complete, and fairly represent the current financial situation of the Borrower. They are prepared based on generally accepted accounting principles established by the Accounting Standards Board.
- **Ownership of property.** It has good and marketable title to all its property, which is free and clear of any prior claims, security or other similar encumbrances, except for those already granted in favour of a third party.
- **Litigation.** It is not involved in any dispute or legal proceedings which could have a material impact on its financial position or on its capacity to operate its company.
- **Taxes and duties.** It has paid (or will pay at expiry) all the taxes and duties that it is bound to pay or that are imposed on its property, without subrogation or payment agreement.

Covenants

The Borrower and any guarantor undertake to:

- **Continuation of the company**. Maintain the existence of its company and not modify its corporate structure.
- **Purpose of financing.** Use the financing product for the purposes set out in this offer.
- **Information and documents**. Provide the Bank with any information or document that the Bank may reasonably request and ensure that this information or these documents, regardless of the medium (paper, electronic, verbal or other) and whether or not they are signed by a representative, be accurate so that the Bank may deem them to be validly issued without further formality.
- **Security.** Grant to the Bank any additional security that it may require from time to time.
- **Visit and access**. At all times, give the Bank's representatives or mandataries/agents the right to visit and access its establishments, the right to examine its books of account and other records, and take excerpts therefrom or make copies thereof.
- **Insurance.** Maintain insurance coverage on its property against loss or damages caused by fire and any other risk as is customarily maintained by the same type of company.
- **Environment.**
  1. Comply with all legal requirements regarding the protection of the environment with respect to its property and all the sites where it operates its company;
  2. Provide, at its expense and upon request from the Bank, any information or report concerning its environmental situation or any neighbouring property; and
  3. Indemnify the Bank for any damage or any liability which it may incur as a result of non-compliance with legal requirements.

  These covenants will survive the cancellation of the security or the full and final payment of any amount owing by the Borrower to the Bank.
- **Events of default.** Notify the Bank, without delay, of any event of default or any other event which, following notice or the expiry of a time period, may constitute an event of default.
- **Survival of representations and warranties.** Ensure that each representation and warranty set out in this document remain true and accurate at all times.

The Borrower and any guarantor undertake to obtain the consent of the Bank before they:

- **Distributions and loans**. Grant advances or any type of distribution to its officers, directors, shareholders, partners, members or related parties.
- **Guarantees.** Grant financial assistance, make an investment or provide a guarantee to a third party other than a subsidiary.
- **Nature of business**. Modify the nature of its operations or its company.
- **Change to project**. Significantly modify a project financed by the Bank.
- **Merger.** Amalgamate with any other company or continue its existence in another jurisdiction.
- **Disposal of property and change of control**. Sell a substantial portion of its property, allow any change in the share ownership, ownership or capital structure of the Borrower.
- **Restrictions on assignment**. Assign its rights hereunder, or hypothecate, encumber or otherwise give as security any of its movable or immovable property.

Default

The occurrence of one or more of the following events will constitute an event of default:

1. The Borrower fails to pay any amount owed to the Bank.
2. The Borrower or any guarantor has made a false representation or warranty.
3. The Borrower or any guarantor did not comply with its commitments and obligations towards the Bank under this offer or the security documents.
4. The Borrower or any guarantor becomes insolvent or is declared bankrupt.
5. The Borrower or any guarantor avails itself of a law governing its bankruptcy, restructuring, reorganization, dissolution, winding-up, arrangement, or a third party initiates proceedings towards the Borrower under said law.
6. A receiver, interim receiver or trustee is appointed with respect to the Borrower, the guarantor or its property.
7. The property of the Borrower or guarantor is subject to a seizure/foreclosure proceeding, prior notice of the exercise of a hypothecary right, notice to withdraw authorization to collect claims or any other remedy exercised under laws governing security interests.
8. The Borrower or any guarantor is in default under the terms of any agreement with the Bank, any financial institution or government entity or any other creditor.

9. This offer and any other related document cannot remain in full force or security ceases to retain the rank set out in this offer.
10. A material unfavourable change occurs.

Remedies

In the event of default, the Bank may exercise the following remedy:

1. Terminate any financing product, declare liquid and payable all the Borrower's monetary obligations not yet due at that time and claim immediate payment of all amounts owing without further notice or demand;
2. Withhold any amount collected or received, including the balance of any proceeds from the realization on the security and apply it to any portion of the Borrower's indebtedness to the Bank;
3. Rights and remedies conferred by law and the documents related to this offer.

The rights and remedies are cumulative and not alternative. By omitting to exercise a remedy or notifying the Borrower of the occurrence of an event of default, the Bank does not waive its right to avail itself at a later date of this remedy or event of default.

Interest

Calculation.

1. Any interest is calculated on the daily balance and not in advance, as of the date the financing product is disbursed, on the basis of a 365-day year, except in cases where the interest is calculated on the basis of a 360-day year. For the purposes of the *Interest Act* (Canada), the annual rate corresponding to the rate calculated on this basis is equal to the rate thus calculated multiplied by the actual number of days included in the year concerned and divided by 365 days or by 360 days, as the case may be.
2. Unless otherwise stipulated, the interest is payable monthly as follows:
   - for every demand financing product: on the 26th day of each month, with minimum fees of $10.00;
   - for the revolving term loan not converted into a term loan and the line of credit resulting from Agri Flex financing: on the 26th day of each month;
   - for any other term financing product: on the 1st day of each month.

   Despite the minimum interest charges, the interest payable (or any amount considered interest under the law) can never exceed the maximum interest amount permitted by law. If this maximum were to be reached, the interest amount would be reduced as to not exceed this maximum.
3. Any amount that is not paid at maturity will bear interest at the rate of the financing product concerned. The interest on arrears will be compounded monthly and payable on demand.
4. If the interest rate applicable to the financing product concerned is less than zero, it will be deemed to be zero.

Post-default interest. Any amount disbursed by the Bank to realize, maintain or preserve any right or security will bear interest until payment at the Bank's Canadian prime rate plus 3% per annum.

Miscellaneous provisions

Assignment. The Bank may assign or transfer all or part of its rights and obligations under this offer (or grant participations), without notifying the Borrower or any guarantor.

Closing fees. Unless otherwise provided by law, the Borrower must pay administration and management fees in the amount of $250.00 upon closure of each financing product.

Security fees. The Borrower must pay the fees for the preparation and registration of security documents (whether or not the financing is disbursed), as set out in the table below, as well as for the protection and exercise of security interests.

Activity	Fee
Preparation and registration of a movable security/personal property security (e.g., hypothec, security agreement and security provided under section 427 of the Bank Act)	$350.00
Preparation and registration of a marine mortgage	$350.00
Preparation and notification of a hypothec or an assignment with respect to a life insurance policy	$250.00
Preparation and registration of a cession of rank for movable security/personal property security	$250.00
Renewal of registration of movable security/personal property security	$250.00
Consultation of the provincial register of personal and movable rights or personal property system and/or request for a certified statement of registration from the register	$100.00
Preparation and registration of an amendment to a registered movable/personal property security, except a discharge	$250.00
Preparation of an assignment of debt agreement, of a set-off and security agreement with respect to deposits, of a blocked account agreement, or security agreement in securities. These fees include registration, if required.	$250.00

Charges. The Borrower must pay, on demand, professional fees and expenses incurred by the Bank to put in place its financing products (e.g., appraisal, audit, notary and lawyer fees, fees in connection with the surety bond and guarantee provided by a partner).

Additional costs. If a statute, regulation, administrative policy or order results in an increase in the cost of the credit for the Bank (namely as a result of the imposition of reserves, taxes or capital adequacy requirements for the Bank), the Borrower undertakes to pay the Bank, on demand, the amount of the resulting additional cost.

Currency of payments. The Borrower must pay all amounts due under this offer to the Bank in the currency of the relevant financing product. If an amount in Canadian dollars is to be converted into or expressed in U.S. dollars, or the equivalent in U.S. dollars (or inversely) must be determined, the Bank may calculate

this conversion or equivalence in accordance with its usual practices.

Set-off. In addition to its other rights, the Bank may offset any amount owed by the Borrower to the Bank with any amount owed by the Bank to the Borrower, even is this amount is not due or is payable in another currency. To proceed with this set-off, the Bank may debit any account held by the Borrower or a guarantor with the Bank.

Indemnification. The Borrower and any guarantor must indemnify the Bank (including its officers, directors, employees and agents) against any damages and costs suffered or incurred by the Bank and claims brought against the Bank resulting from or related to, directly or indirectly, this offer.
This obligation will survive the cancellation of the security or full and final payment of any amount owing by the Borrower to the Bank.

Notices. The Borrower or the guarantor must submit any notice intended for the Bank in writing to the mailing address indicated in this offer.

Records. The Bank will keep records evidencing the transactions performed. These records are presumed to provide evidence as to the indebtedness of the Borrower towards the Bank.
The following changes to or processing of the Bank's records will not result in the novation of financing products or the Borrower's indebtedness towards the Bank:

1. Any conversion of advances, rates or loans set out in this offer;
2. Any change in the name or number of a financing product.

Scope. This offer:

1. Constitutes the final agreement between the parties and supersedes any previous verbal or written agreement related to the financing products offered;
2. Is made without novation to other financing products already granted to the Borrower (not covered by this offer) and related security; these other financing products remain unchanged if otherwise modified herein.

Counterparts. This offer may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by fax, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this offer signed by the Borrower or the guarantor (including by electronic signature) has the same effect as if the Borrower or guarantor had manually delivered to the Bank a copy of this offer signed by it. Such electronic counterparts are deemed to be originals.

Collection, use and disclosure of information. The Borrower, any guarantor, as well as their respective representatives authorize the Bank to:

1. Use the necessary information it holds or could hold about them for the purposes of granting credit and insurance products (where permitted by law) or for the purposes of the guarantee;
2. Disclose this information to its affiliates and subsidiaries for this same purpose;
3. Obtain personal information pertaining to them from any party likely to have such information (financial intermediaries, depositaries, credit-reporting agencies, financial institutions, creditors, employers, professionals, tax authorities, public entities, persons with whom they have business relations, and Bank affiliates and subsidiaries) in order to verify the accuracy of all information provided to the Bank from time to time and to ensure the solvency of the Borrower, any guarantor, and their respective representative.

Governing law and jurisdiction. This offer will be construed and interpreted in accordance with the laws of the province where the Bank branch is located, as indicated in this offer.

The courts of this province will have jurisdiction over any dispute related to this offer and the exercise of any resulting remedy.

Language. The Borrower and any guarantor confirm it is their wish that this offer and all related documents be drawn up in English. *L'Emprunteur et toute caution confirment leur volonté que la présente offre et tous les documents s'y rattachant soient rédigés en anglais.*

Definitions

"Business day" means any day, other than Saturday or Sunday, on which the offices of the Bank are open in the province identified in the last section herein titled "Governing law and jurisdiction."

"Canadian Prime Rate" (P) or **"U.S. Base Rate" (US BR)** means the annual floating interest rate announced publicly by the Bank from time to time, notably on its website at www.nbc.ca and used to determine the interest rates applicable to commercial loans in Canadian or U.S. dollars granted by the Bank in Canada, as the case may be.

"Excess generated funds": [net income + amortization +/- deferred income taxes for a given fiscal year] - [principal payments made during the given fiscal year].

"Material unfavourable change" means a change, situation or event producing an effect deemed unfavourable by the Bank on (1) the inherent risk in the financing (2) the situation (financial or other), operations, property or company of the Borrower or guarantor (3) the capacity of the Borrower or guarantor to meet its obligations to the Bank (4) the property given as security or the security given on this property (5) the rights and remedies of the Bank under this offer and any related document.

"Net accounts receivable" means the accounts receivable, excluding holdbacks receivable, contra or inter-company accounts, accounts of doubtful quality and other accounts receivable excluded from the calculation of the available amount, in accordance with the Bank's internal policy.

"Net inventory" means the inventory, excluding the inventory affected by the vendor's lien and other inventory excluded from the calculation of the available amount, in accordance with the Bank's internal policies.

"Priors claims" means any claim which, under any legislation, regulation or other instrument, ranks prior to or may rank prior to the Bank's security. Without limiting the foregoing, prior claims include, in particular, any amount owing to a federal, provincial, municipal or other government authority or crown corporation, any actual or deemed trust, or trust created under legislation, any amount withheld or deduction at source, any accrued and unpaid salary, including any vacation pay, and any amounts due to any person with a right, charge or a trust ranking prior to the Bank's security.

"Rate offered" means the annual interest rate determined from time to time by the Bank, for the term chosen by the Borrower, as being the fixed interest rate applicable to its commercial fixed-rate term loans granted by the Bank in Canada for the same term.

Financial ratios

The financial ratios set out herein are defined as follows.

Working capital ratio:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations and/or investments in affiliated companies or corporations and/or closely held companies

Current liabilities

Working capital:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations or investments in affiliated companies or corporations and/or closely held companies – current liabilities

Fixed charge coverage ratio:
EBITDA (excluding extraordinary items) – dividends, withdrawals or other forms of distributions to members or partners – redemption of shares or units – purchase of non-financed tangible and intangible fixed assets +/- investment contributions or redemptions +/- advances to directors, employees and shareholders, and affiliated companies and corporations

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio:
EBITDA (excluding extraordinary items)

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio (Real estate):
Net operating income

Interest charges + principal payments made during the given fiscal year

Ratio of interest-bearing to EBITDA:
Total of interest-bearing debts

EBITDA (excluding extraordinary items)

Debt/equity ratio:
Total liabilities – future long-term income taxes – subordinated debt

Tangible net worth
OR
Net worth (specifically for a sole proprietorship)

"Net worth": Total assets – total liabilities.

"EBITDA": Earnings + interest + amortization +/– current/deferred income taxes.

"Interest-bearing debt": Sum of bank debt, long-term debt, interest bearing balance of sale, capital lease obligations, guarantees in favour of third parties net of cash held by the Borrower.

"Subordinated debt": Any debt of the Borrower, its subsidiaries or affiliated companies or corporations towards one of their shareholders, partners, members, subsidiaries or towards any affiliated company; and any preferred share issued and paid up by the Borrower redeemable at the holder's option, the payment of which is entirely subordinated to the sums due or that could become due to the Bank by the Borrower, its subsidiaries and affiliated companies or corporations.

"Net operating income": Total rental income based on existing leases (for the next 12 months) + other property income (recovery of taxes, parking, laundry) – expense related to the property.

"Tangible net worth"

For corporations:

Shareholders' equity (the sum of capital stock, retained earnings, contributed surplus) + future long-term income taxes – future income tax on long-term assets + subordinated debt – [unsubordinated redeemable shares + intangible assets + advances to directors, employees and shareholders + advances to affiliated companies or corporations + investments in affiliated companies or corporations and/or closely held companies].

Corporations without share capital:

Partners' equity (the sum of partners' contributions, retained earnings, contributed surplus) + future long-term income taxes + subordinated debt – [uninvoiced work in progress, unsubordinated redeemable units + intangible assets + advances to partners, directors and employees + advances to affiliated companies or corporations + loans granted by the Bank to partners for the purpose of financing their capital contribution in the Borrower + investments in affiliated companies or corporations and/or closely held companies].

For cooperatives or not-for-profit corporations:

Members' equity (capital stock + equity of the Borrower including the general reserve and retained surplus earnings (or accumulated deficits)) + future long-term income taxes + subordinated debt – [unsubordinated redeemable units + intangible assets + advances to directors, employees and members + advances to affiliated companies or corporations and/or closely held companies].

This is Exhibit "**11**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   ZANATTA SEABORNE HOLDINGS LTD.

   (the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantees payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), for an unlimited amount, with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

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that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by telecopier, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this guarantee signed by the Guarantor (including by electronic signature) has the same effect as if the Guarantor had manually delivered to the Bank a copy of this guarantee signed by it. Such electronic counterparts are deemed to be originals.

18. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

19. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

20. The undersigned acknowledge and agree that it is the intention of the parties that this guarantee be construed as a deed.

IN WITNESS WHEREOF the Guarantor has signed at Vancouver, British Columbia
this 14th day of November 2024.

SIGNED AND DELIVERED

WITNESS

First name and last name (*in block letters*):

First name and last name (*in block letters*):

GUARANTOR: **NOVO TEXTILE COMPANY LTD.**
by its authorized signatory(ies):

Name: JASON ZANATTA

Name:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

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This is Exhibit "**12**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 21 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   ZANATTA SEABORNE HOLDINGS LTD.

   (the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantees payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), for an unlimited amount, with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

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that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by telecopier, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this guarantee signed by the Guarantor (including by electronic signature) has the same effect as if the Guarantor had manually delivered to the Bank a copy of this guarantee signed by it. Such electronic counterparts are deemed to be originals.

18. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

19. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

20. The undersigned acknowledge and agree that it is the intention of the parties that this guarantee be construed as a deed.

IN WITNESS WHEREOF the Guarantor has signed at Vancouver, British Columbia
this 14th day of November 2024.

SIGNED AND DELIVERED

WITNESS

First name and last name (*in block letters*):

LESLIE WONG

First name and last name (*in block letters*):

Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

GUARANTOR: NOVO HOLDINGS CO. LTD.
by its authorized signatory(ies):

Name: JASON ZANATTA

Name:

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This is Exhibit "**13**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

ZANATTA SEABORNE HOLDINGS LTD.

(the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to

three hundred thousand five hundred In Canadian dollars

($ 300,500.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

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that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Vancouver
this 14th day of November, 2024.

SIGNED, SEALED AND DELIVERED

WITNESS

First name and last name (*in block letters*):

Address:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

GUARANTOR: **ZANATTA FAMILY TRUST**
by its Trustee:

Name: JASON MICHAEL ZANATTA

Name:

This is Exhibit "**14**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   ZANATTA SEABORNE HOLDINGS LTD.

   (the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to

   three hundred thousand five hundred in Canadian dollars

   ($ 300,500.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

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that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Vancouver
this 14th day of November 2024.

SIGNED, SEALED AND DELIVERED

WITNESS

First name and last name *(in block letters)*:

Address:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

GUARANTOR:

JASON MICHAEL ZANATTA

This is Exhibit "**15**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

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NATIONAL BANK

October 18th, 2024

ZANATTA SEABORNE 2 HOLDINGS LTD.
Jason Michael Zanatta
800-885 Street West Georgia
Vancouver, British Columbia, V6C 3H1

Re: Offer of Financing

Dear Client,

At National Bank, offering tailored solutions is a priority. We are therefore pleased to present to **ZANATTA SEABORNE 2 HOLDINGS LTD.** (the "Borrower") the following offer of financing:

	Financing product(s)	Amount	Status
A	Term Loan	$1,985,000.00 CAD	New

The offer of financing includes: the terms and conditions of the financing products, the required security, conditions, fees and other provisions set out in Schedule A.

This offer of financing is valid until November 18th, 2024 before 5 p.m. To accept this offer, you must return a signed copy of it to us. After this date, the Bank may cancel or amend this offer without notifying you.

Yours truly,

Signed by:
Harpreet Rosodi
E4A1257948A4498...

Harpreet Rosodi
Manager
Commercial Banking

Signed by:
2F2074B61DF447D...

Devika Vaghadia
Associate Vice-President
Commercial Banking

Docusign Envelope ID: 5167DC6D-98A8-44BE-AE84-6BF34C8947D5

1. Financing products

A. Term Loan – $1,985,000.00

Purpose	Repay the outstanding balance of loans granted by other financial Institution with respect to property 1150 955 Seaborne Avenue, Port Coquitlam, British Columbia, V3B 0R9
Term	***If floating rate*** 12 months as of the date of the final disbursement ***If fixed rate*** 12-36 months as of the date of the final disbursement
Amortization	300 months
Interest rate	Canadian Prime Rate plus 1.20% per annum Rate offered by the Bank when the loan is converted and accepted by the Borrower
Option to convert interest rate	Rate offered by the Bank when the loan is converted and accepted by the Borrower
Disbursement	Single disbursement to be made no later than November 30th, 2024
Repayment	Of principal by monthly payments of $6,616.67, with the balance payable in full at the end of the term. Applicable for fixed rate only: By monthly blended payments of principal and interest, the amount of which will be determined on the disbursement date, with the balance payable in full at the end of the term.

2. Security

All the Borrower's obligations to the Bank must at all times be secured by all of the following security. However, the following table or security documents can provide for certain obligations to be secured by specific security. In all cases, the Borrower must sign the documentation required by the Bank.

Borrower

		Status	Related product(s)
General security agreement	1st ranking on all personal property	**(to be obtained)**	ALL
Charge/ mortgage	1st ranking collateral mortgage in the amount of $1,900,000.00 on the real property located at 1150-955 Seaborne Avenue, Port Coquitlam, British Columbia, V3B 0R9, bearing the lot number(s) Parcel Identifier: 031-906-63, as well as a general assignment of rents	**(to be obtained)**	ALL

Guarantor

		Status	Related product(s)
Guarantee	In the amount of $496,500.00 from Jason Michael Zanatta	**(to be obtained)**	ALL

Guarantee	Unlimited from NOVO TEXTILE COMPANY LTD.	**(to be obtained)**	ALL
Guarantee	Unlimited from NOVO HOLDINGS CO. LTD.	**(to be obtained)**	ALL
Guarantee	In the amount of $496,500.00 from ZANATTA FAMILY TRUST	**(to be obtained)**	ALL

The obligations resulting from the guarantee must at all times be secured by the following security:

General security agreement	1st ranking on all personal property of NOVO TEXTILE COMPANY LTD.	**(to be obtained)**	ALL
General security agreement	1st ranking on all personal property of NOVO HOLDINGS CO. LTD.	**(to be obtained)**	ALL

Other security, documents or agreements

		Status	Related product(s)
Subordination	By Jason Michael Zanatta relating to the redemption of all the shares and units of the Borrower and the payment of all claims and sums that are or will become due by the Borrower to Jason Michael Zanatta	**(to be obtained)**	ALL
Subordination	By NOVO HOLDINGS CO. LTD. relating to the redemption of all the shares and units of the Borrower and the payment of all claims and sums that are or will become due by the Borrower to NOVO HOLDINGS CO. LTD.	**(to be obtained)**	ALL
Subordination	By ZANATTA FAMILY TRUST relating to the redemption of all the shares and units of the Borrower and the payment of all claims and sums that are or will become due by the Borrower to ZANATTA FAMILY TRUST	**(to be obtained)**	ALL
Rider	Designating the Bank as the beneficiary of the proceeds of the insurance policies covering all property given as security, up to its full replacement value as well as a copy of the insurance policy	**(to be obtained)**	ALL

3. Conditions

The financing products are subject to the following specific conditions in addition to the conditions set out in Schedule A.

Other applicable conditions

Presentation of documents	At the latest on the 90th day following the end of the fiscal year, produce the following lists: proof of payment of municipal and school taxes
	On demand, produce the following lists: lease expiry dates as well as base rent and recovery cost amounts), a copy of the new leases and renewals or letters of renewal for the leases that expired during the year
Other	Proof of insurance

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Financial conditions

The Borrower must provide:

Financial statements	Notice to reader (compilation engagement) non consolidated of the Borrower	Annually within 90 days of fiscal year-end
	Notice to reader (compilation engagement) non consolidated of ZANATTA SEABORNE HOLDINGS LTD.	Annually within 90 days of fiscal year-end
	Notice to reader (compilation engagement) non consolidated of NOVO HOLDINGS CO. LTD.	Annually within 90 days of fiscal year-end
	Review engagement non consolidated of NOVO TEXTILE COMPANY LTD.	Annually within 90 days of fiscal year-end

Financial ratios

The Borrower must comply with:

Fixed-charge coverage ratio[1]	Of at least: 1.20 to maintain, based on the annual financial statements combined with NOVO TEXTILE COMPANY LTD. and ZANATTA SEABORNE HOLDINGS LTD.
Debt/equity ratio[1]	Of no more than: 3.00 to maintain, based on the annual financial statements combined with NOVO TEXTILE COMPANY LTD. and ZANATTA SEABORNE HOLDINGS LTD.

[1]As defined in Schedule A

Conditions required to disburse the financing products:

- Transmittal letter for the appraisal report addressed to the Bank, for the property granted as security located at 1150-955 Seaborne Avenue, Port Coquitlam, British Columbia, V3B 0R9, bearing the lot number(s) Parcel Identifier: 031-906-630 and prepared, at the Borrower's expense, by accredited appraisers recognized by the Bank (received from Avison Young Canada) and showing a market value of at least $1,900,000.00 and confirming a good pledge
- A proof that all property taxes and land transfer duties for any property given as security have been paid in full, without subrogation
- Borrowers' title insurance policy satisfactory to the Bank for any property given as security for the amount of the financing product A confirming that the charge/hypothec granted is first ranking on the property given as security, subject to the encumbrances permitted by the Bank
- Duly completed environmental questionnaire of the Bank and a phase 1 environmental report addressed to the Bank and, if required, a phase 2 environmental report addressed to the Bank for the property granted as security
- Leases between the Borrower, as Lessor, and its lessees, which leases, will not, in particular, contain any clause unfavourable to the Bank's security or any clause permitting the termination or cancellation thereof before term in the absence of the default of either of the parties;
- Written opinion of the legal advisors mandated by the Bank on the publication and rank of the security provided in this offer and confirming that the property given as security to the Bank located at 1150-955 Seaborne Avenue, Port Coquitlam, British Columbia, V3B 0R9, bearing the lot number(s) Parcel Identifier: 031-906-630, is the property of the Borrower , by good, valid and marketable title, and free and clear of all security and other charges
- Provide the Personal Net Worth
- Environmental indemnity agreement

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4. Fees

Negotiation fees	Payable on acceptance of this offer: $0.00
Other fees	See other fees in Schedule A

5. Complementary financial protection offer*

[X] The undersigned wish(es) to meet with an expert to analyze the financial protection needs of the owner, shareholder or officer of his (their) company. A financial planning advisor from National Bank Planning and Benefits will contact him (them) in the coming days to provide him (them) with more information.

[ ] The undersigned refuse(s) to be contacted.

*This complementary financial protection offer is intended only to the borrower's representative(s)

6. Acceptance

The undersigned confirms having read and understood this offer and Schedule A which forms an integral part of the offer, and accepts all terms, conditions, security and obligations.

2024-10-31

Signed at _____, province of British Columbia, on the_____ day of _____ 20___.

ZANATTA SEABORNE 2 HOLDINGS LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... | By: _____

Jason Michael Zanatta

jasonz@novoshield.ca
Email address

_____
Email address

By: _____ | By: _____

_____
Email address

_____
Email address

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Guarantor(s)

The undersigned confirms/confirm having read and understood this offer and Schedule A which forms part of this offer, and hereby accepts/accept the terms, conditions and obligations hereof.

2024-10-31

Signed at _____, province of British Columbia, on the_____ day of _____ 20 ___.

Signed by:
Jason Zanatta
D2BC3A0EE4594DA...
Jason Michael Zanatta

jasonz@novoshield.ca
Email address

NOVO HOLDINGS CO. LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... Jason Michael Zanatta

jasonz@novoshield.ca
Email address

By: _____ Email address

By: _____

Email address

By: _____ Email address

NOVO TEXTILE COMPANY LTD.

By: Signed by: Jason Zanatta D2BC3A0EE4594DA... Jason Michael Zanatta

jasonz@novoshield.ca
Email address

By: _____ Email address

By: _____

Email address

By: _____ Email address

Docusign Envelope ID: 5167DC6D-98A8-44BE-AE84-6BF34C8947D5

Email address

Email address

ZANATTA FAMILY TRUST, acting through its authorized trustees

By : Signed by: Jason Zanatta D2BC3A0EE4594DA...
Jason Michael Zanatta
Trustee

By : _____
[First and last name]
Trustee

jasonz@novoshield.ca
[Email address]

[Email address]

By : _____
[First and last name]
Trustee

By : _____
[First and last name]
Trustee

[Email address]

[Email address]

Docusign Envelope ID: 5167DC6D-98A8-44BE-AE84-6BF34C8947D5

SCHEDULE A

Offer of Financing of National Bank of Canada

Conditions governing financing products

Disbursement and repayment conditions

The Borrower may have a financing product disbursed or renewed when:

1. The conditions set out in the offer of financing (and any other agreement between the Borrower and the Bank, if applicable) have been met;
2. The required charges and fees have been paid;
3. Any document required by the Bank has been signed and given to it;
4. Security interests have been registered, with the applicable rank, when required; and
5. No material unfavourable change has occurred.

Disbursements and repayments must be made on the dates set out in this offer; otherwise, the Bank may, at its discretion, refuse to make any disbursement. If a payment is payable on a non-business day, the payment will be made on the next business day.

Demand financing products

Products covered. The demand financing products are as follows: line of credit, line of credit with temporary operating credit, line of credit in CAD$ by way of account overdrafts, line of credit in USD$ by way of account overdrafts, line of credit for letters of guarantee, line of credit for letters of credit, letter of guarantee, letter of credit, demand loan, Mastercard credit, credit for the financing of tax credits, credit for the financing of taxes, electronic funds transfer settlement risk, settlement risk for accounts held at the Bank's New York City branch.

The following also constitute demand financing products: bridge financing with option to convert to term loan for the portion of the credit not converted at term; credit for capital expenditures for the undisbursed credit portion; global net risk line for derivatives for the portion of risk for which there is no contract between the Bank and the Borrower.

Notion. Demand financing products are payable by the Borrower at any time at the Bank's sole discretion. The Bank may therefore at any time, before or after a request for repayment to the Borrower, terminate these products and stop making new advances, without delay or notice to the Borrower. These products are payable at any time, in full or in part, without penalties.

Annual fee. The Borrower must pay an annual review fee for any demand financing product in effect on the anniversary date of this offer.

Overrun of the available amount. When the used amount of a financing product exceeds the amount available as set out in this offer, the Borrower must immediately repay the difference. If the Bank were to temporarily tolerate such overrun, it could require:

1. The immediate payment of a lump sum so that the amount used is equal to or less than the available amount;
2. That new investments, securities or other financial assets be given as security.

The Borrower will then have to pay the Bank fees of 1% on the overrun amount, with minimum fees of $100.00.

If the Bank does not tolerate the overrun, the Borrower must repay in full the balance of the financing product, plus all fees and interest accrued.

Overrun of the authorized amount. When the amount owed by the Borrower exceeds the authorized amount of the financing product, the Borrower must immediately repay the excess amount to the Bank. If the Bank tolerates the overrun, the Borrower must pay the applicable fees.

Deposits to the Bank. The Borrower will have to deposit all of the amounts from the operations of its business, including accounts receivable, in its current account held at the Bank.

Separate agreements. Certain financing products are also governed by separate agreements: Mastercard credit card, letter of guarantee or letter of credit, global net risk line for derivatives and electronic funds transfer settlement risk.

For these products, the Borrower must meet all the conditions set out in this offer, as well as the conditions set out in any applicable separate agreement.

Approval. The approval of each request to issue, renew or extend a letter of credit or a letter of guarantee or a transaction request related to the global net risk line for derivatives or electronic funds transfer settlement risk remains subject to the Bank's sole discretion.

Specific rules: letters of guarantee and letters of credit. A written notice will be sent 30 days before the effective date of any change to the fees set out in the Import Export Products and Services Fee Guide to all borrowers having used Import-Export products and services at least twice over the 12 months preceding the change in question; otherwise, the most recent version of this guide will be available on demand in branches or from the Borrower's Account Manager.

The amount of credit available under which the letter of guarantee or letter of credit is issued will be reduced by 100% of the amount of the letters of guarantee and the percentages(s) set out in this offer for letters of credit. Upon payment, this letter becomes a floating-rate advance under the credit affected by the issue.

Global net risk line for derivatives. The global line allows the Borrower to enter into contracts with the Bank with respect to:

1. Interest rate derivatives;
2. The sale or purchase of foreign currencies freely negotiated by the Bank;
3. Commodity derivatives; or
4. Other treasury products offered by the Bank.

The amount of the risk of each transaction will be determined by the Bank in accordance with the applicable level of risk and fee schedule then in effect at the Bank.

The agreements related to this product are: the declaration of the risks relating to credit with interest rate swaps, the foreign currency conversion agreement, the *International Swap and Derivatives Association* (ISDA) master agreement, the *Credit Support Annex* (CSA) agreement and the confirmation, as applicable, of any transaction.

Term financing products

Products covered. The term financing products are as follows: term loan, non-revolving special credit for capital expenditures (when disbursed), revolving term credit, term loan granted under the *Canada Small Business Financing Act*, bridge financing with option to convert to a term loan (when converted), Agri Flex financing and mortgage loan.

Verbal agreements for certain terms and conditions. The Borrower and the Bank can verbally agree on the following terms and conditions: term extension, new term, applicable interest rate, payment method and payment dates.

The product remains subject to the other conditions then applicable.

These terms and conditions may be confirmed to the Borrower and the guarantor by email or by regular mail.

Neither the Bank nor the Borrower are obligated to extend the term of a product. At the end of the term, the Borrower can repay the product in full and the Bank can request repayment of the product.

Annual fee. The Borrower must pay an annual review fee for any term financing product (except for a term loan granted under the *Canada Small Business Financing Act* for which the first disbursement was made prior to April 1, 2014) in effect on the anniversary date of this offer.

Application of payments. The Bank may, at its discretion, apply any payment first to the interest and then to the principal or any other amount owed by the Borrower.

When the Bank temporarily tolerates a late payment, the Borrower will pay the Bank late fees according to the established payment frequency. These fees will be calculated at the rate of 2.00% on the amount of the late payment until this payment is made is full, with minimum fees of $10.00 per payment.

Option to convert a floating rate to a fixed rate. When offered and approved, the following conditions apply to this option:

1. The Borrower may exercise or renew it (when the fixed-rate period expires) with a prior written notice to the Bank of at least two business days;
2. The fixed-rate period will be no less than 12 months without exceeding the term of the product.

If the Borrower does not exercise the option, the fixed rate reverts to the floating rate applicable to the product concerned.

Repayment before the end of the term

> **Floating-rate disbursements.** The Borrower may repay the amounts disbursed if the repayment is made from the Borrower's excess generated funds or through a capital stock issue. If the repayment comes from other sources, the Bank will apply a penalty of three months' interest on the repaid principal and withhold this penalty from the Borrower's repayment.

> Partial repayments will be applied to the final payment of principal or interest or any other amount owed by the Borrower, at the Bank's discretion.

> **Fixed-rate disbursements.** The Borrower cannot repay, without the Bank's consent, all or part of the amounts disbursed before the end of the term.

If the Bank consents to accept such repayment, the Borrower will pay the Bank on the repayment date a sum corresponding to the greater of the following two amounts:

1. Three months' interest, calculated on the repayment amount and at the interest rate of the term financing product; or
2. The excess of (i) the interest that the repayment would generate at the interest rate of this financing product during the period remaining between the repayment date and the end of the term, on (ii) the interest that the repayment amount would generate during the same period at the rate in effect at the Bank on the repayment date for a new financing product of a similar nature and for a term corresponding to this period.

This amount will also be payable for any repayment required by the Bank before the end of the term further to an event of default stipulated herein, including any repayment resulting from the realization of security or a claim under an insolvency law.

The purpose of the above amount payable is, in particular, to compensate the Bank for the loss of income suffered as a result of the repayment before the end of the term.

> **Annual repayment option**. When offered, this option allows the Borrower to make a non-cumulative repayment before the end of the term, up to 15% of the original disbursed amount of the covered product as of the first anniversary date of the final disbursement, without penalty. Such repayment must come from the Borrower's generated funds or through a capital stock issue increase, and will be applied without any change to the original method of payment, which will remain in force.

Cost overrun. The Bank may stop disbursing on any project that results in an overrun of the costs initially planned, until these costs are assumed by the Borrower and its shareholders, partners and affiliated companies.

Representations and warranties

The Borrower and any guarantor hereby represent and warrant to the Bank the truth and accuracy of the following:

> **Legal existence.** It is duly constituted and organized, validly existing and operating in accordance with the laws applicable to it.

> **Power and capacity.** It has the required power and capacity to execute this offer and the security documents, and perform its obligations under these documents.

- **Compliance with obligations.** It complies with its contractual obligation towards the Bank and any other party.
- **Commercial activities.** The Borrower contracts the financing covered by this offer for its commercial activities.
- **Financial information.** The balance sheet, the most recent financial statements and other financial information submitted to the Bank are true, accurate and complete, and fairly represent the current financial situation of the Borrower. They are prepared based on generally accepted accounting principles established by the Accounting Standards Board.
- **Ownership of property.** It has good and marketable title to all its property, which is free and clear of any prior claims, security or other similar encumbrances, except for those already granted in favour of a third party.
- **Litigation.** It is not involved in any dispute or legal proceedings which could have a material impact on its financial position or on its capacity to operate its company.
- **Taxes and duties.** It has paid (or will pay at expiry) all the taxes and duties that it is bound to pay or that are imposed on its property, without subrogation or payment agreement.

Covenants

The Borrower and any guarantor undertake to:

- **Continuation of the company**. Maintain the existence of its company and not modify its corporate structure.
- **Purpose of financing**. Use the financing product for the purposes set out in this offer.
- **Information and documents**. Provide the Bank with any information or document that the Bank may reasonably request and ensure that this information or these documents, regardless of the medium (paper, electronic, verbal or other) and whether or not they are signed by a representative, be accurate so that the Bank may deem them to be validly issued without further formality.
- **Security.** Grant to the Bank any additional security that it may require from time to time.
- **Visit and access**. At all times, give the Bank's representatives or mandataries/agents the right to visit and access its establishments, the right to examine its books of account and other records, and take excerpts therefrom or make copies thereof.
- **Insurance.** Maintain insurance coverage on its property against loss or damages caused by fire and any other risk as is customarily maintained by the same type of company.
- **Environment.**
  1. Comply with all legal requirements regarding the protection of the environment with respect to its property and all the sites where it operates its company;
  2. Provide, at its expense and upon request from the Bank, any information or report concerning its environmental situation or any neighbouring property; and
  3. Indemnify the Bank for any damage or any liability which it may incur as a result of non-compliance with legal requirements.

  These covenants will survive the cancellation of the security or the full and final payment of any amount owing by the Borrower to the Bank.
- **Events of default**. Notify the Bank, without delay, of any event of default or any other event which, following notice or the expiry of a time period, may constitute an event of default.
- **Survival of representations and warranties.** Ensure that each representation and warranty set out in this document remain true and accurate at all times.

The Borrower and any guarantor undertake to obtain the consent of the Bank before they:

- **Distributions and loans**. Grant advances or any type of distribution to its officers, directors, shareholders, partners, members or related parties.
- **Guarantees**. Grant financial assistance, make an investment or provide a guarantee to a third party other than a subsidiary.
- **Nature of business**. Modify the nature of its operations or its company.
- **Change to project**. Significantly modify a project financed by the Bank.
- **Merger.** Amalgamate with any other company or continue its existence in another jurisdiction.
- **Disposal of property and change of control.** Sell a substantial portion of its property, allow any change in the share ownership, ownership or capital structure of the Borrower.
- **Restrictions on assignment**. Assign its rights hereunder, or hypothecate, encumber or otherwise give as security any of its movable or immovable property.

Default

The occurrence of one or more of the following events will constitute an event of default:

1. The Borrower fails to pay any amount owed to the Bank.
2. The Borrower or any guarantor has made a false representation or warranty.
3. The Borrower or any guarantor did not comply with its commitments and obligations towards the Bank under this offer or the security documents.
4. The Borrower or any guarantor becomes insolvent or is declared bankrupt.
5. The Borrower or any guarantor avails itself of a law governing its bankruptcy, restructuring, reorganization, dissolution, winding-up, arrangement, or a third party initiates proceedings towards the Borrower under said law.
6. A receiver, interim receiver or trustee is appointed with respect to the Borrower, the guarantor or its property.
7. The property of the Borrower or guarantor is subject to a seizure/foreclosure proceeding, prior notice of the exercise of a hypothecary right, notice to withdraw authorization to collect claims or any other remedy exercised under laws governing security interests.
8. The Borrower or any guarantor is in default under the terms of any agreement with the Bank, any financial institution or government entity or any other creditor.

9. This offer and any other related document cannot remain in full force or security ceases to retain the rank set out in this offer.
10. A material unfavourable change occurs.

Remedies

In the event of default, the Bank may exercise the following remedy:

1. Terminate any financing product, declare liquid and payable all the Borrower's monetary obligations not yet due at that time and claim immediate payment of all amounts owing without further notice or demand;
2. Withhold any amount collected or received, including the balance of any proceeds from the realization on the security and apply it to any portion of the Borrower's indebtedness to the Bank;
3. Rights and remedies conferred by law and the documents related to this offer.

The rights and remedies are cumulative and not alternative. By omitting to exercise a remedy or notifying the Borrower of the occurrence of an event of default, the Bank does not waive its right to avail itself at a later date of this remedy or event of default.

Interest

Calculation.

1. Any interest is calculated on the daily balance and not in advance, as of the date the financing product is disbursed, on the basis of a 365-day year, except in cases where the interest is calculated on the basis of a 360-day year. For the purposes of the *Interest Act* (Canada), the annual rate corresponding to the rate calculated on this basis is equal to the rate thus calculated multiplied by the actual number of days included in the year concerned and divided by 365 days or by 360 days, as the case may be.
2. Unless otherwise stipulated, the interest is payable monthly as follows:
   - for every demand financing product: on the 26th day of each month, with minimum fees of $10.00;
   - for the revolving term loan not converted into a term loan and the line of credit resulting from Agri Flex financing: on the 26th day of each month;
   - for any other term financing product: on the 1st day of each month.

   Despite the minimum interest charges, the interest payable (or any amount considered interest under the law) can never exceed the maximum interest amount permitted by law. If this maximum were to be reached, the interest amount would be reduced as to not exceed this maximum.
3. Any amount that is not paid at maturity will bear interest at the rate of the financing product concerned. The interest on arrears will be compounded monthly and payable on demand.
4. If the interest rate applicable to the financing product concerned is less than zero, it will be deemed to be zero.

Post-default interest. Any amount disbursed by the Bank to realize, maintain or preserve any right or security will bear interest until payment at the Bank's Canadian prime rate plus 3% per annum.

Miscellaneous provisions

Assignment. The Bank may assign or transfer all or part of its rights and obligations under this offer (or grant participations), without notifying the Borrower or any guarantor.

Closing fees. Unless otherwise provided by law, the Borrower must pay administration and management fees in the amount of $250.00 upon closure of each financing product.

Security fees. The Borrower must pay the fees for the preparation and registration of security documents (whether or not the financing is disbursed), as set out in the table below, as well as for the protection and exercise of security interests.

Activity	Fee
Preparation and registration of a movable security/personal property security (e.g., hypothec, security agreement and security provided under section 427 of the Bank Act)	$350.00
Preparation and registration of a marine mortgage	$350.00
Preparation and notification of a hypothec or an assignment with respect to a life insurance policy	$250.00
Preparation and registration of a cession of rank for movable security/personal property security	$250.00
Renewal of registration of movable security/personal property security	$250.00
Consultation of the provincial register of personal and movable rights or personal property system and/or request for a certified statement of registration from the register	$100.00
Preparation and registration of an amendment to a registered movable/personal property security, except a discharge	$250.00
Preparation of an assignment of debt agreement, of a set-off and security agreement with respect to deposits, of a blocked account agreement, or security agreement in securities. These fees include registration, if required.	$250.00

Charges. The Borrower must pay, on demand, professional fees and expenses incurred by the Bank to put in place its financing products (e.g., appraisal, audit, notary and lawyer fees, fees in connection with the surety bond and guarantee provided by a partner).

Additional costs. If a statute, regulation, administrative policy or order results in an increase in the cost of the credit for the Bank (namely as a result of the imposition of reserves, taxes or capital adequacy requirements for the Bank), the Borrower undertakes to pay the Bank, on demand, the amount of the resulting additional cost.

Currency of payments. The Borrower must pay all amounts due under this offer to the Bank in the currency of the relevant financing product. If an amount in Canadian dollars is to be converted into or expressed in U.S. dollars, or the equivalent in U.S. dollars (or inversely) must be determined, the Bank may calculate

this conversion or equivalence in accordance with its usual practices.

Set-off. In addition to its other rights, the Bank may offset any amount owed by the Borrower to the Bank with any amount owed by the Bank to the Borrower, even is this amount is not due or is payable in another currency. To proceed with this set-off, the Bank may debit any account held by the Borrower or a guarantor with the Bank.

Indemnification. The Borrower and any guarantor must indemnify the Bank (including its officers, directors, employees and agents) against any damages and costs suffered or incurred by the Bank and claims brought against the Bank resulting from or related to, directly or indirectly, this offer.
This obligation will survive the cancellation of the security or full and final payment of any amount owing by the Borrower to the Bank.

Notices. The Borrower or the guarantor must submit any notice intended for the Bank in writing to the mailing address indicated in this offer.

Records. The Bank will keep records evidencing the transactions performed. These records are presumed to provide evidence as to the indebtedness of the Borrower towards the Bank.
The following changes to or processing of the Bank's records will not result in the novation of financing products or the Borrower's indebtedness towards the Bank:

1. Any conversion of advances, rates or loans set out in this offer;
2. Any change in the name or number of a financing product.

Scope. This offer:

1. Constitutes the final agreement between the parties and supersedes any previous verbal or written agreement related to the financing products offered;
2. Is made without novation to other financing products already granted to the Borrower (not covered by this offer) and related security; these other financing products remain unchanged if otherwise modified herein.

Counterparts. This offer may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by fax, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this offer signed by the Borrower or the guarantor (including by electronic signature) has the same effect as if the Borrower or guarantor had manually delivered to the Bank a copy of this offer signed by it. Such electronic counterparts are deemed to be originals.

Collection, use and disclosure of information. The Borrower, any guarantor, as well as their respective representatives authorize the Bank to:

1. Use the necessary information it holds or could hold about them for the purposes of granting credit and insurance products (where permitted by law) or for the purposes of the guarantee;
2. Disclose this information to its affiliates and subsidiaries for this same purpose;
3. Obtain personal information pertaining to them from any party likely to have such information (financial intermediaries, depositaries, credit-reporting agencies, financial institutions, creditors, employers, professionals, tax authorities, public entities, persons with whom they have business relations, and Bank affiliates and subsidiaries) in order to verify the accuracy of all information provided to the Bank from time to time and to ensure the solvency of the Borrower, any guarantor, and their respective representative.

Governing law and jurisdiction. This offer will be construed and interpreted in accordance with the laws of the province where the Bank branch is located, as indicated in this offer.

The courts of this province will have jurisdiction over any dispute related to this offer and the exercise of any resulting remedy.

Language. The Borrower and any guarantor confirm it is their wish that this offer and all related documents be drawn up in English. *L'Emprunteur et toute caution confirment leur volonté que la présente offre et tous les documents s'y rattachant soient rédigés en anglais.*

Definitions

"Business day" means any day, other than Saturday or Sunday, on which the offices of the Bank are open in the province identified in the last section herein titled "Governing law and jurisdiction."

"Canadian Prime Rate" (P) or **"U.S. Base Rate" (US BR)** means the annual floating interest rate announced publicly by the Bank from time to time, notably on its website at www.nbc.ca and used to determine the interest rates applicable to commercial loans in Canadian or U.S. dollars granted by the Bank in Canada, as the case may be.

"Excess generated funds": [net income + amortization +/- deferred income taxes for a given fiscal year] - [principal payments made during the given fiscal year].

"Material unfavourable change" means a change, situation or event producing an effect deemed unfavourable by the Bank on (1) the inherent risk in the financing (2) the situation (financial or other), operations, property or company of the Borrower or guarantor (3) the capacity of the Borrower or guarantor to meet its obligations to the Bank (4) the property given as security or the security given on this property (5) the rights and remedies of the Bank under this offer and any related document.

"Net accounts receivable" means the accounts receivable, excluding holdbacks receivable, contra or inter-company accounts, accounts of doubtful quality and other accounts receivable excluded from the calculation of the available amount, in accordance with the Bank's internal policy.

"Net inventory" means the inventory, excluding the inventory affected by the vendor's lien and other inventory excluded from the calculation of the available amount, in accordance with the Bank's internal policies.

"Priors claims" means any claim which, under any legislation, regulation or other instrument, ranks prior to or may rank prior to the Bank's security. Without limiting the foregoing, prior claims include, in particular, any amount owing to a federal, provincial, municipal or other government authority or crown corporation, any actual or deemed trust, or trust created under legislation, any amount withheld or deduction at source, any accrued and unpaid salary, including any vacation pay, and any amounts due to any person with a right, charge or a trust ranking prior to the Bank's security.

"Rate offered" means the annual interest rate determined from time to time by the Bank, for the term chosen by the Borrower, as being the fixed interest rate applicable to its commercial fixed-rate term loans granted by the Bank in Canada for the same term.

Financial ratios

The financial ratios set out herein are defined as follows.

Working capital ratio:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations and/or investments in affiliated companies or corporations and/or closely held companies

Current liabilities

Working capital:
Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations or investments in affiliated companies or corporations and/or closely held companies – current liabilities

Fixed charge coverage ratio:
EBITDA (excluding extraordinary items) – dividends, withdrawals or other forms of distributions to members or partners – redemption of shares or units – purchase of non-financed tangible and intangible fixed assets +/- investment contributions or redemptions +/- advances to directors, employees and shareholders, and affiliated companies and corporations

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio:
EBITDA (excluding extraordinary items)

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio (Real estate):
Net operating income

Interest charges + principal payments made during the given fiscal year

Ratio of interest-bearing to EBITDA:
Total of interest-bearing debts

EBITDA (excluding extraordinary items)

Debt/equity ratio:
Total liabilities – future long-term income taxes – subordinated debt

Tangible net worth
OR
Net worth (specifically for a sole proprietorship)

"Net worth": Total assets – total liabilities.

"EBITDA": Earnings + interest + amortization +/– current/deferred income taxes.

"Interest-bearing debt": Sum of bank debt, long-term debt, interest bearing balance of sale, capital lease obligations, guarantees in favour of third parties net of cash held by the Borrower.

"Subordinated debt": Any debt of the Borrower, its subsidiaries or affiliated companies or corporations towards one of their shareholders, partners, members, subsidiaries or towards any affiliated company; and any preferred share issued and paid up by the Borrower redeemable at the holder's option, the payment of which is entirely subordinated to the sums due or that could become due to the Bank by the Borrower, its subsidiaries and affiliated companies or corporations.

"Net operating income": Total rental income based on existing leases (for the next 12 months) + other property income (recovery of taxes, parking, laundry) – expense related to the property.

"Tangible net worth"

For corporations:

Shareholders' equity (the sum of capital stock, retained earnings, contributed surplus) + future long-term income taxes – future income tax on long-term assets + subordinated debt – [unsubordinated redeemable shares + intangible assets + advances to directors, employees and shareholders + advances to affiliated companies or corporations + investments in affiliated companies or corporations and/or closely held companies].

Corporations without share capital:

Partners' equity (the sum of partners' contributions, retained earnings, contributed surplus) + future long-term income taxes + subordinated debt – [uninvoiced work in progress, unsubordinated redeemable units + intangible assets + advances to partners, directors and employees + advances to affiliated companies or corporations + loans granted by the Bank to partners for the purpose of financing their capital contribution in the Borrower + investments in affiliated companies or corporations and/or closely held companies].

For cooperatives or not-for-profit corporations:

Members' equity (capital stock + equity of the Borrower including the general reserve and retained surplus earnings (or accumulated deficits)) + future long-term income taxes + subordinated debt – [unsubordinated redeemable units + intangible assets + advances to directors, employees and members + advances to affiliated companies or corporations and/or closely held companies].

This is Exhibit "**16**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

Land Title Act

Mortgage

Part 1 Province of British Columbia

NEW WESTMINSTER LAND TITLE OFFICE
NOV 26 2024 15:52:14.001
CB1732019-CB1732020

1. Application

Document Fees: $162.54

Koffman Kalef LLP
19th Floor, 885 West Georgia Street
Vancouver BC V6C 3H4
604-891-3688

Sanela Hadziavdic, Applicant's Agent
604-891-3801
File No. 41381-47 (JJA)

2. Description of Land

PID/Plan Number	Legal Description
031-906-630	**STRATA LOT 9 SECTION 8 BLOCK 6 NORTH RANGE 1 EAST NEW WESTMINSTER DISTRICT STRATA PLAN EPS9208**

3. Borrower(s) (Mortgagor(s))

ZANATTA SEABORNE 2 HOLDINGS LTD. BC1344370
#105 - 10 KING EDWARD STREET
COQUITLAM BC V3K 4S8

4. Lender(s) (Mortgagee(s))

NATIONAL BANK OF CANADA
A Canadian Chartered Bank Having a Branch Office and
Postal Address at
475 HOWE STREET, 29TH FLOOR
VANCOUVER BC V6C 2B3

5. Payment Provisions

Principal Amount	Interest Rate	Interest Adjustment Date
$1,900,000.00	**25% PER ANNUM**	**N/A**
Interest Calculation Period	**Payment Dates**	**First Payment Date**
SEE SCHEDULE	**N/A**	**N/A**
Amount of each periodic payment	**Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is**	**Last Payment Date**
N/A	**N/A** % per annum	**N/A**
Assignment of Rents which the applicant wants registered?	**Place of payment**	**Balance Due Date**
Yes	**POSTAL ADDRESS IN ITEM 4 ABOVE.**	**ON DEMAND**

If yes, page and paragraph number:
PAGE 5, SECTION 11 OF D.F.
MT140002

6. Mortgage contains floating charge on land?

No

7. Mortgage secures a current or running account?

Yes

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Land Title Act

Mortgage

Part 1 Province of British Columbia

8. Interest Mortgaged

Fee Simple

9. Mortgage Terms

Part 2 of this mortgage consists of:

(b) Filed Standard Mortgage Terms D F Number: **MT140002**

A selection of (a) or (b) includes any additional or modified terms.

10. Additional or Modified Terms

N/A

11. Prior Encumbrances Permitted by Lender

SEE SCHEDULE

12. Execution(s)

This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Witnessing Officer Signature	Execution Date	Borrower / Party Signature(s)
Leslie Wong **Barrister & Solicitor** Clark Wilson LLP 900 - 885 West Georgia Street Vancouver BC V6C 3H1 T. 604.687.5700	YYYY-MM-DD **2024-11-14**	**ZANATTA SEABORNE 2 HOLDINGS LTD.** By their Authorized Signatory **Per: Jason Zanatta**

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.C. 1996, c.124, 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.

Electronic Signature

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

Jimmy Mohammed Jamshed Alam GGF5P2

Digitally signed by Jimmy Mohammed Jamshed Alam GGF5P2 Date: 2024-11-26 15:02:35 -08:00

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LAND TITLE ACT

SCHEDULE

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

5. PAYMENT PROVISIONS:

(d) Interest Calculation Period:

The interest calculation period will be as set forth in the Standard Mortgage Terms.

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

COVENANT CA7602737, CA7663020
STATUTORY RIGHT OF WAY CA7865579, CB412376, CB412377

END OF DOCUMENT.

A. Registered in Alberta having Registration Number 142060214.

When the Property (as defined below) is in Alberta, the following set of Mortgage Terms shall be deemed to be included in and form part of every mortgage in which it is referred to by the above-mentioned Registration Number.

B. Filed in British Columbia pursuant to the Land Transfer Form Act, R.S.B.C. 1996. Part 3, c. 252, reference date: June 17, 2013. Registered in the Land Title Office, dated February 17, 2014, as Filing Number MT140002.

When the Property (as defined below) is in British Columbia, the following set of Mortgage Terms shall be deemed to be included in and form part of every mortgage in which it is referred to by the above-mentioned Filing Number, as provided in Section 225 of the Land Title Act, R.S.B.C. 1996, c. 250, as amended or replaced from time to time.

C. Filed in Manitoba as Serial Number 4460584/1.

When the Property (as defined below) is in Manitoba, the following set of Mortgage Terms shall be deemed to be included in and form part of every mortgage in which it is referred to by the above-mentioned Serial Number, as provided in Section 98(4) of The Real Property Act, RSM 1988, c. R30, as amended or replaced from time to time.

D. Registered in Saskatchewan having DSL Number 14DSL0000005.

When the Property (as defined below) is in Saskatchewan, the following set of Mortgage Terms shall be deemed to be included in and form part of every Mortgage in which it is referred to by the above-mentioned DSL Number.

1. MEANINGS AND DEFINITIONS

1.1 Definitions. In these Mortgage Terms:

"Agreement" means any agreement or document, now or in the future, that gives rise or relates to any Obligations, and any renewals, extensions, amendments, replacements, restatements and substitutions of such agreement or document.

"Applicable Laws" means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licenses, authorizations, approvals and all applicable common laws or equitable principles whether now or hereafter in force and effect.

"Costs" means all costs of the Mortgagee (and interest on all such costs from the date incurred until paid to the Mortgagee) for:

- **(i)** preparing, executing and registering any Agreement or this Mortgage and any such costs in extending credit to the Mortgagor or qualifying the Mortgagor for such purpose;
- **(ii)** enforcing the Mortgage or any Agreement;
- **(iii)** any protective disbursements or just allowances paid by the Mortgagee that may be added to the Obligations or are otherwise secured by this Mortgage;
- **(iv)** any Receiver or other Person appointed with similar powers (under this Mortgage or otherwise) and such Receiver's or Person's costs in regard to the Property;
- **(v)** obtaining assessments of the condition of the Property, such as environmental assessments;
- **(vi)** complying with any requirements of Applicable Laws in regard to the Property or the Mortgage;
- **(vii)** performing any of the obligations of the Mortgagor under the Mortgage or any Agreement, such as the costs incurred in removing any lien from title to the Property that is in breach of this Mortgage (whether or not having priority over the Mortgage) or paying Taxes; and
- **(viii)** in the case of all of the above items, all legal fees and disbursements of the Mortgagee, or a Receiver, on a full solicitor-client or substantial (i.e. full) indemnity basis.

"Court" means a court or judge having jurisdiction under Applicable Laws.

"Default" means any default occurring under this Mortgage.

"Mortgage" means, together, the Mortgage Form and these Mortgage Terms.

"Mortgage Form" means the form, stipulated by Applicable Laws, to which these Mortgage Terms are attached or incorporated by reference.

"Mortgage Terms" means the terms and conditions contained in this document.

"Mortgagee" means National Bank of Canada and includes any Person to whom National Bank of Canada transfers this Mortgage.

"Mortgagee's Address" means the address shown on the Mortgage Form or the most recent address provided in a written notice given by the Mortgagee to the Mortgagor under these Mortgage Terms.

"Mortgagor" means the Person or Persons named in the Mortgage Form as Mortgagor.

"Mortgagor's Address" means the address of the Mortgagor set out in the Mortgage Form or the most recent address provided in a written notice given by the Mortgagor to the Mortgagee under these Mortgage Terms.

"Obligations" means all obligations, indebtedness and liabilities of the Mortgagor to the Mortgagee, present and future, direct and indirect, absolute and contingent, matured or not, wherever incurred, now or at any time due or owing by the Mortgagor to the Mortgagee or remaining unpaid by the Mortgagor to the Mortgagee, whether reduced from time to time and afterwards increased or entirely extinguished and afterwards incurred again (such as a revolving line of credit), whether arising by way of an Agreement or otherwise, whether arising from dealings between the Mortgagee and the Mortgagor or from other dealings or proceedings by which the

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Mortgagee may be or become in any manner a creditor of the Mortgagor, whether incurred by the Mortgagor as principal, surety or otherwise and whether incurred by the Mortgagor alone or with others.

"Person" means a natural person, corporation, company, partnership, joint venture, unincorporated organization, trust, government or any other entity.

"Place of Payment" means the Mortgagee's Address or any other place specified in a written notice given by the Mortgagee to the Mortgagor.

"Property" means the lands described in the Mortgage Form, together with all buildings, structures, and improvements of any nature or kind now or hereafter located on such lands, and all fixtures, rents and all other appurtenances thereto.

"Receiver" means a receiver, a manager, a receiver and manager, or any other similar Person appointed in regard to the Property, or any part of the Property, and the rents and profits of and from such Property, which receiver may be an officer or officers or employee or employees of the Mortgagee, though need not be.

"Spouse" means spouse or common-law partner.

"Strata/Condominium Documents" has the meaning given to such term in subsection 13.2.

"Taxes" means all taxes, rates and assessments of every kind that are payable by any Person in connection with this Mortgage, the Property or its use and occupation, or arising out of any transaction between the Mortgagor and the Mortgagee, but not including the Mortgagee's income taxes.

2. CONTINUING SECURITY

2.1 Mortgage of Property. The Mortgagor, hereby grants, mortgages and charges the Property to the Mortgagee as continuing security for payment and performance of the Obligations.

2.2 Limitation. This Mortgage will secure at any one time only that portion of the principal component of the Obligations at such time up to the registered amount shown on the Mortgage Form (which may be identified on such form as the principal amount), together with (i) interest (at the rate specified in this Mortgage) on such portion of the Obligations and (ii) Costs.

2.3 Mortgagee Not Required to Advance Money. The Mortgagee is not obliged to advance to the Mortgagor any money under this Mortgage, whether or not this Mortgage is registered, and nothing in this Mortgage obliges the Mortgagee to make any advances of money to the Mortgagor.

2.4 No Discharge. By entering into this Mortgage, the Mortgagor and Mortgagee do not intend that any Agreement is to be extinguished, superseded or discharged. If a judgment is obtained from a Court concerning some or all of the Obligations, the Mortgagor and Mortgagee do not intend that the remaining Obligations will be extinguished, superseded or discharged or that the Mortgagee will be prevented from exercising any of its remaining rights under any Agreement, this Mortgage or Applicable Laws.

2.5 No Prejudice to Other Security. The Mortgagee may take guarantees or security from other Persons or take other security from the Mortgagor, or grant time, renewals, extensions, indulgences, releases and discharges to the Mortgagor and other Persons, relating to the Obligations, without prejudicing the rights and remedies of the Mortgagee under this Mortgage.

2.6 Possession of Property. The Mortgagor may continue to remain in possession of the Property as long as the Mortgagor is not in Default.

2.7 Discharge of Mortgage. When all Obligations are satisfied in full by the Mortgagor, and the Mortgagor has no further liability under any Agreement, and the Mortgagee has no obligation to make any further advances or extend credit under any Agreement, this Mortgage will have no further effect and the Mortgagor will be entitled to obtain a discharge of this Mortgage. The Mortgage shall not be or be deemed to be considered as satisfied, exhausted or discharged by any intermediate payment or satisfaction of the whole or part or parts of the Obligations at any time or from time to time, but shall constitute and be a continuing security to the Mortgagee for the payment, fulfillment and performance of all of the Obligations from time to time unpaid or unfulfilled. Where the Mortgagor is entitled to such discharge of this Mortgage, the discharge will be prepared and signed by the Mortgagee and is to be registered by the Mortgagor, at the Mortgagor's expense, in the appropriate registry of deeds, land titles or land registration office or district to cause cancellation, release or discharge of this Mortgage against the Property.

3. INTEREST

3.1 Calculation of Interest. Any interest that is chargeable on and forms part of the Obligations is payable at the rate or rates and with the frequency specified by the terms of an Agreement and this Mortgage, both before and after any Default, any maturity of the Obligations to which the interest relates and any judgment obtained with respect to the Obligations to which the interest relates, until all such interest and the Obligations to which the interest relates have been paid in full. Interest unpaid when due in accordance with the terms of an Agreement and this Mortgage will be added to the Obligations and will bear compound interest at the rate or rates and with the frequency specified by the terms of an Agreement and this Mortgage. If the interest rate for any amount payable under this Mortgage is not specified by the terms of any Agreement or this Mortgage, then such interest will be payable at the rate and with the frequency and otherwise in accordance with Applicable Laws.

3.2 Maximum Interest. If the interest rate or rates under the terms of an Agreement and this Mortgage exceed the maximum rate permitted by Applicable Laws, then, notwithstanding the terms of said Agreement and this Mortgage, the interest rate will be deemed to be such maximum rate.

3.3 Rate of interest on Mortgage Form. If a rate of interest is set out on the Mortgage Form, the rate or rates of interest on the Obligations will nonetheless be the rate or rates specified by the terms of any applicable Agreement, but if none is so specified for any portion of the Obligations, then the applicable rate of interest for such Obligations will be that which is set out on the Mortgage Form.

3.4 Interest on Costs. Costs form part of the Obligations and if Costs arise, the Mortgagor will pay interest on such Costs on demand (and interest on overdue interest), from the time the Costs arise. The interest rate on Costs will be determined in accordance with subsections 3.1, 3.2 and 3.3.

4. PAYMENT

4.1 Payment on Demand. The Mortgagor will pay to the Mortgagee the outstanding amount of the Obligations immediately on demand by the Mortgagee, unless the terms of an Agreement and this Mortgage provide otherwise.

4.2 Application of Payments. Each payment will be applied as set out in the applicable Agreement. If an Agreement does not specify the manner in which payments will be applied, each payment will be applied firstly to Costs and secondly to other Obligations, as the Mortgagee will determine. Payments do not discharge the Mortgage otherwise than in accordance with subsection 2.7.

5. TAXES

5.1 Payment of Taxes by Mortgagor. Without limiting any promise the Mortgagor has made to the Mortgagee in any Agreement concerning the payment of Taxes, the Mortgagor promises to pay all Taxes when they are due and any other debt that could rank prior to this Mortgage and to send to the Mortgagee at the Place of Payment, within thirty days of the payment due date for such Taxes, evidence that such payments have been made. If the Mortgagor fails to pay Taxes as required, the Mortgagee may, but is not obligated to, pay the Taxes, and any such amount paid by the Mortgagee will be included as Costs and form part of the Obligations.

5.2 Government Assistance. The Mortgagor promises to apply for all government grants, assistance and rebates in respect of Taxes.

6. OTHER PROMISES OF THE MORTGAGOR

6.1 Mortgagor Promises. The Mortgagor promises:

a. to comply with all terms and conditions of any charge or encumbrance of the Property;

b. to pay and perform all Obligations, and to comply with all terms of this Mortgage and any applicable Agreement;

c. to keep all buildings and improvements forming part of the Property in good condition and to repair them as needed or as the Mortgagee reasonably requires and not to alter or tear down any building or part of a building forming part of the Property;

d. to enforce and maintain in good standing all warranties and insurance relating to buildings and improvements forming part of the Property;

e. to comply with Applicable Laws affecting the condition (such as the environmental condition), repair, use and occupation of the Property;

f. to do all things and sign any other document that the Mortgagee reasonably requires to ensure that the Obligations remain secured by this Mortgage and that the Mortgage has priority over any other security over the Property, except as may otherwise be agreed to by the Mortgagee;

g. not to do or fail to do anything that has the effect of reducing the value of the Property or lowering the priority of this Mortgage and any other security in favour of the Mortgagee (the Mortgagor is to promptly inform the Mortgagee of any fact or event that could adversely affect the value of the Property or the financial condition of the Mortgagor or that could lower the priority of this Mortgage or other security held by the Mortgagee for the Obligations);

h. if the Mortgagor has rented the Property, and if the Mortgagee so requests, to keep records of all rents received and of all expenses paid by the Mortgagor in connection with the Property, and, at least annually, have a statement of revenue and expenses for the Property prepared by a chartered accountant, and to give a copy of the statement to the Mortgagee;

i. to insure and keep insured all buildings and improvements on the Property for not less than their full replacement value until this Mortgage is discharged, including, without limitation, (i) risks of loss or damage by fire with extended perils coverage and such additional perils, risks or events against which a prudent owner would insure the Property; (ii) risks of loss and damage by explosion of, or caused by, any boiler or similar equipment, against loss or damage caused by a sprinkler system; and (iii) risks of loss from damage to or destruction of the Property resulting in interruption to or loss of revenue, rental income, or business income from the Property;

j. to send to the Mortgagee a copy of all insurance policies and renewals of same upon receipt and to ensure that all insurance policies required under this Mortgage are carried with a company approved by the Mortgagee and contain Mortgage clauses approved by the Insurance Bureau of Canada confirming that loss proceeds are payable to the Mortgagee, that the Mortgagee has the right to receive and to have a lien on the loss proceeds in accordance with its priority established under this Mortgage (the Mortgagor hereby assigns to the Mortgagee all amounts payable under any of these policies), and that the insurer will promptly advise the Mortgagee of (i) any cancellation, or proposed cancellation of a policy by the insurer for any reason, (ii) any failure by the insurer to renew a policy for any reason and (iii) any material change in the risk insured by the insurer, if required by the Mortgagee;

k. on the happening of any damage, to furnish all necessary proofs to the Mortgagee and do all necessary acts to enable the Mortgagee to obtain payment of the insurance proceeds, with the intention that the Mortgagee, in its discretion, may allow the Mortgagor to use the insurance proceeds to repair or rebuild the Property or may use such insurance proceeds to reduce the Obligations, whether due or not;

l. if the Mortgagee requires the Mortgagor to do so, to arrange for payments on account of Obligations to be made by pre-authorized withdrawals from an account of the Mortgagor;

m. to pay any money, which, if not paid, would result in a default under any charge or encumbrance having priority over this Mortgage or which might result in the sale of the Property; and

n. to pay and cause to be discharged any liens or encumbrances over the Property that are not liens or encumbrances permitted by the Mortgagee under this Mortgage or any Agreement.

6.2 Promises regarding the Property. The Mortgagor promises and declares to the Mortgagee that:

a. the Mortgagor:

(i) has good title to the Property;

(ii) has the right to give the Mortgagee this Mortgage and that on Default the Mortgagee can have quiet possession of the Property free from all encumbrances; and

(iii) will execute such further assurances of title to the Property as may be required by the Mortgagee;

b. the Mortgagor's title to the Property is subject only to those charges and encumbrances that the Mortgagee has agreed to in writing;

c. subject to paragraph (b) above, the Mortgagor:

(i) has not given or is not in the process of giving any other charge or encumbrance against the Property; and

(ii) has no knowledge of any other claim against the Property.

7. PROMISES BETWEEN THE MORTGAGOR AND THE MORTGAGEE

7.1 Mortgagee May Fulfill Mortgagor's Obligations. The Mortgagee may, but is not required to, fulfill any of the obligations of the Mortgagor under the terms of an Agreement, this Mortgage or the Obligations, or spend any money to perform any such obligations.

7.2 Subsequent Interests. By this Mortgage, the Mortgagor grants and mortgages any additional or greater interest in the Property that the Mortgagor may later acquire.

7.3 Inspection of Property. The Mortgagee or its agents may, at any reasonable time, inspect the Property and any buildings and improvements which form part of it, or have it appraised from time to time. In addition, the Mortgagee or its agents may conduct, at any reasonable time, any environmental testing, site assessment, investigation, or study that the Mortgagee or its insurer considers necessary. The reasonable cost of any inspection, appraisal, testing, assessment, investigation or study will be immediately due and payable by the Mortgagor and will form part of the Costs. The Mortgagee or its insurer, or their respective agents, will not become a mortgagee in possession by exercising these rights.

7.4 Repairs by Mortgagee. The Mortgagee, in its sole discretion, may enter the Property at any reasonable time to inspect the Property and request the Mortgagor to make any repairs that the Mortgagee deems necessary, at the cost of the Mortgagor, but, just by doing so, the Mortgagee will not become a mortgagee in possession nor will the Mortgagee be under any obligation to make any repairs to the Property.

7.5 Mortgagee not Responsible for Maintenance. If the Mortgagee takes possession of the Property, the Mortgagee will not be responsible for maintaining and preserving the Property or maintaining the use for which the Property is intended, except to the extent required by Applicable Laws, and the Mortgagee need only account to the Mortgagor for any money the Mortgagee actually receives in connection with this Mortgage or the Property while in possession of the Property.

7.6 Notice to Mortgagee. Any notice by the Mortgagor to the Mortgagee may be delivered at or sent by registered mail to the Mortgagee's Address.

7.7 Notice to Mortgagor. Any notice by the Mortgagee to the Mortgagor may be delivered at or sent by registered mail to the Mortgagor's Address.

7.8 When Notice Received. Any notice given by mail in accordance with this Mortgage is considered to have been received five days after the day on which it was mailed.

7.9 Mail Strike or Disruption. Any notice to be given during a mail strike or disruption must not be sent by mail.

7.10 No Release on Sale. The Mortgagor is not released from the Obligations because the Mortgagor transfers or otherwise conveys, or purports to transfer or otherwise convey, the Property or any interest therein.

7.11 Other Mortgages. If the Mortgagor has mortgaged, charged or granted any interest or security in any other property to the Mortgagee to secure payment of any of the Obligations, the Mortgagee may take all proceedings under any of those mortgages, charges, grants of interest or security as the Mortgagee decides and as permitted by Applicable Laws.

7.12 Consolidation with Other Mortgages. The Mortgagee is entitled to treat this Mortgage as one with any other mortgages given now or in the future by the Mortgagor to the Mortgagee, so that the Mortgagee can require that the requirements of all such mortgages, and this Mortgage, have to be satisfied in full before the Mortgagee will be obligated to give a discharge of any of those mortgages or this Mortgage.

7.13 Mortgagee May Release Part of Property. Whether or not the Mortgagee receives any value, at all times the Mortgagee may release any part or parts of the Property or any other security or any other Person's promise for payment or performance of all or any part of the Obligations without being accountable to the Mortgagor except for the money the Mortgagee actually receives. Notwithstanding any such release, the Property, security and promises of the Mortgagor and other Persons remaining unreleased will remain in effect for payment and performance of the Obligations.

8. DEFAULTS

8.1 Events of Default. A Default occurs under this Mortgage if:

a. the Mortgagor fails to pay or perform any of the Obligations at the time and in the manner required by the terms of any Agreement or by this Mortgage;

b. any statement, certification, representation, covenant or agreement of the Mortgagor or a guarantor given to the Mortgagee in connection with any Obligations is or becomes untrue or misleading;

c. the Mortgagor breaches any promise, condition or agreement which the Mortgagor has made to the Mortgagee in this Mortgage or the Mortgagor or any other Person breaches a promise, condition or agreement in any Agreement;

d. the Mortgagor ceases to carry on its business, becomes insolvent or bankrupt, becomes subject to insolvency, reorganization, arrangement or similar proceedings affecting the rights of creditors;

e. the Property is abandoned or ceases to be used as currently used;

f. the Property or any part of it is expropriated or condemned;

g. the Mortgagor sells or agrees to sell all or any part of the Property or the Mortgagor leases it or any part of it without the prior written consent of the Mortgagee, which may be refused at the sole discretion of the Mortgagee;

h. the Mortgagor gives another Mortgage of the Property to someone other than the Mortgagee without the prior written consent of the Mortgagee;

i. any type of lien whatsoever, such as a mechanic's, builder's, or construction lien, judgment or any similar encumbrance is registered against the Property or the Mortgagee receives notice that a lien or judgment will be obtained, unless prior written consent is obtained from the Mortgagee for each instance of lien, judgement or encumbrance;

j. the Property is subject to foreclosure proceedings, judicial sale, or otherwise seized by another mortgagee, encumbrancer, writ holder, receiver, or any agent of one of those, or any other Person performing similar functions;

k. improvements to the Property remain unfinished and no work has been done for a period of fifteen consecutive days;

l. the Mortgagor is in default under any lease of the Property; or

m. an event occurs which is stated to be a Default under this Mortgage.

8.2 **Mortgagee Determines Default.** The Mortgagee, in its sole discretion, will determine whether any Default has occurred.

9. CONSEQUENCES OF A DEFAULT

9.1 **Mortgagor's Rights Cease Upon Default.** Upon a Default occurring, the Mortgagor is not entitled to exercise any rights or entitlements under this Mortgage or any Agreement.

9.2 **Mortgagee's Rights on Default.** If a Default occurs, the Mortgagee, where and to the extent permitted by Applicable Laws, and then in any order that the Mortgagee chooses, may do any one or more of the following:

a. demand immediate payment or performance of any or all of the Obligations, in which case such Obligations will become immediately due and payable;

b. sue the Mortgagor for money that is due in respect of the Obligations;

c. take proceedings and any other legal steps to compel the Mortgagor to satisfy or perform the Obligations;

d. enter upon and take possession of the Property;

e. sell the Property and any other property mortgaged by the Mortgagor to the Mortgagee by public auction or private sale on terms decided by the Mortgagee, including selling the Property for cash or credit or any combination of the two:

(i) on thirty-five days notice to the Mortgagor if the Default has continued for fifteen days (or longer or other period, if required by Applicable Laws); or

(ii) without notice to the Mortgagor if the Default has continued for sixty days or more (if and to the extent permitted by Applicable Laws);

f. lease the Property on terms decided by the Mortgagee:

(i) on fifteen days notice to the Mortgagor if the Default has continued for fifteen days (or longer or other period, if required by Applicable Laws); or

(il) without notice to the Mortgagor if the Default has continued for thirty-one days or more (if and to the extent permitted by Applicable Laws);

g. apply to a Court for an order that the Property be sold on terms approved by the Court;

h. apply to a Court to foreclose the Mortgagor's interest in the Property so that when the Court makes its final order of foreclosure the Mortgagor's interest in the Property will be absolutely vested in and belong to the Mortgagee;

l. apply to a Court to have a receiver or receiver and manager or comparable officer of the Court appointed with respect to the Property or appoint a Receiver of the Property under this Mortgage;

j. enter upon and take possession of the Property without the permission of anyone and make any arrangements the Mortgagee considers necessary to:

(i) inspect, lease, collect rents or manage the Property;

(ii) complete the construction of any building on the Property; or

(lll) repair any building on the Property; and

k. take whatever action is necessary to take, recover and keep possession of the Property.

9.3 **Powers of the Court.** Nothing in subsection 9.2 affects the jurisdiction of the Court.

9.4 **Application of Proceeds.** Any payments made in respect of the Obligations from money or other proceeds realized from the enforcement of the Mortgagee's remedies including proceeds realized under this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the Obligations as the Mortgagee decides or may be held unappropriated in a separate collateral account for such time as the Mortgagee decides.

9.5 **Deficiency After Sale.** Subject to Applicable Laws, if the proceeds available from realizing upon the Property pursuant to this Mortgage are not sufficient to pay all the Obligations, the Mortgagor will pay to the Mortgagee on demand the amount of the deficiency.

9.6 **Mortgagee's Rights After Judgment.** If the Mortgagee obtains judgment against the Mortgagor as a result of a Default, the remedies described in subsection 9.2 may continue to be used by the Mortgagee to compel the Mortgagor to pay and perform the Obligations. The Mortgagee will continue to be entitled to receive interest on the Obligations, in accordance with and in the manner provided for such interest under the terms of an Agreement and this Mortgage, until the judgment is paid in full.

9.7 **No Waiver of Rights.** If the Mortgagee does not exercise any of the Mortgagee's rights on the happening of a Default or does not ask the Mortgagor to cure such Default, the Mortgagee is not prevented from later compelling the Mortgagor to cure that Default or exercising any of those rights in connection with that Default or any later Default of the same or any other kind.

10. CONSTRUCTION OF BUILDINGS OR IMPROVEMENTS

10.1 **No Construction, Alteration or Addition Without Consent.** The Mortgagor will not construct, alter or add to any buildings or improvements on the Property without the prior written consent of the Mortgagee, and then, only in accordance with accepted construction standards, building codes and municipal or government requirements and, if provided by any Agreement, plans and specifications approved by the Mortgagee.

11. RENTAL AND ASSIGNMENT OF RENT

11.1 **Mortgagee to Approve Rental.** If the Property or any part of the Property is currently used as owner-occupied residential premises, the Mortgagor represents that no part of the Property is rented or occupied by a tenant and the Mortgagor promises not to rent, lease or enter into a tenancy agreement of any part of the Property without obtaining the Mortgagee's prior written approval, which approval may be refused at the sole discretion of the Mortgagee.

11.2 Assignment. If the Property or any part of the Property is used or intended to be used as rental premises, the Mortgagor:

a. must deliver to the Mortgagee a copy of all leases related to the Property and will provide any and all information related to the rents on the Mortgagee's request;

b. will only lease the Property at a value corresponding to a lease at the fair market value and will not accept payment in advance of more than one month's rent; and

c. assigns, as additional and separate security for the Obligations, all existing and future rents and leases relating to the Property. In particular, the Mortgagor transfers and assigns to the Mortgagee as security:

(i) all leases, lease agreements, sub-leases, and offers to lease, and their renewals, whether in writing or not;

(ii) all rents and other money payable under the terms of all such leases, sub-leases, offers to lease, and agreements; and

(iii) all the Mortgagor's rights under such leases, sub-leases, offers to lease, and agreements.

11.3 Receipt of Rents. Notwithstanding subsection 11.2, the Mortgagee will allow the Mortgagor to receive the rents as long as the Mortgagor is not in Default. If the Mortgagee withdraws this authorization, the Mortgagee may collect such rents and revenues and will be entitled to a reasonable commission or other remuneration, which it may deduct from any amounts collected. Subsection 9.4 will apply to the proceeds of such collection by the Mortgagee.

11.4 Mortgagee Not Responsible. Nothing done by the Mortgagee under this section 11 will make the Mortgagee a mortgagee in possession or will have the effect of making the Mortgagee responsible for collecting rent or complying with any terms of any lease or agreement.

12. RECEIVER

12.1 Mortgagee May Appoint Receiver. Upon Default, the Mortgagee or the Mortgagee as agent or attorney for the Mortgagor (with no such appointment being revocable by the Mortgagor), with or without entering into possession of the Property or any part thereof, may appoint in writing a Receiver and may remove any such Receiver and appoint a new Receiver in the place and stead of any previously appointed Receiver.

12.2 Powers of Receiver. Subject to Applicable Laws, the Receiver:

a. will be deemed to be the Mortgagor's irrevocable agent or attorney, vested with all rights, powers and discretions of the Mortgagor, and the Mortgagor will be solely responsible for the Receiver's acts or omissions;

b. has power, either in the Mortgagor's name or in the name of the Mortgagee, to demand, recover and receive income from the Property and start and carry on any action or court proceeding to collect that income;

c. may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses;

d. may complete the construction of or repair any improvement on the Property;

e. may take possession of all or part of the Property;

f. may manage the Property and maintain it in good condition;

g. has the power to perform, in whole or in part, the Mortgagor's duties under the terms of the Agreements, this Mortgage and the Obligations; and

h. has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property.

12.3 Use of Income by Receiver. From income received from the Property, the Receiver may, subject to Applicable Laws, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission, fees and disbursements as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the Property and taking steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money for matters required to be paid by the Receiver under Applicable Laws, or that might, if not paid, result in a default under any charge or encumbrance having priority over this Mortgage or that might result in the sale of the Property if not paid; (v) pay Taxes in connection with anything the Receiver is entitled to do under this Mortgage; (vi) pay interest to the Mortgagee that is due and payable; (vii) pay all or part of the Obligations to the Mortgagee whether or not it is due and payable; (viii) pay any other money owed by the Mortgagor under this Mortgage; and (ix) pay insurance premiums.

12.4 Receiver May Borrow. The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do.

12.5 Mortgagor Responsible for Borrowing by Receiver. Any money borrowed by the Receiver from the Mortgagee, and any interest charged on that money and all the costs of borrowing, will form part of the Obligations and will bear interest at the rate and to be paid with the frequency provided under the applicable terms upon which such money was borrowed.

12.6 Receiver's Costs and Expenses. The fees and disbursements of the Receiver, if paid by the Mortgagee, will form part of the Obligations and will bear interest according to the terms of any applicable Agreement and this Mortgage.

12.7 Mortgagee Not Responsible. Nothing done by the Receiver under this section 12 will make the Mortgagee a mortgagee in possession, and the Mortgagor hereby releases and discharges the Mortgagee and every Receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise, which may arise or be caused to the Mortgagor or any Person claiming through or under it by reason or as a result of anything done by the Mortgagee or any Receiver under the provisions of this section 12. The Mortgagor agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this provision and agrees that neither the Receiver nor the Mortgagee will be liable for any loss sustained by the Mortgagor or any other Person resulting from any such action or failure to act.

13. STRATA LOT/CONDOMINIUM PROVISIONS

13.1 Strata Lot/Condominium Provisions. This section 13 applies if the Property is or becomes a strata lot or condominium property under the Applicable Laws. The Mortgagor will comply with this section 13 in addition to all other terms of this Mortgage and Applicable Laws.

13.2 Mortgagor Will Obey Strata/Condominium Rules. The Mortgagor will perform all of the Mortgagor's obligations as a strata lot/condominium owner under the Applicable Laws and the declaration, bylaws, rules and regulations of the strata/condominium

corporation (the "Strata/Condominium Documents") and will pay all money owed by the Mortgagor to the strata/condominium corporation.

13.3 Insurance. The Mortgagor will cause the strata/condominium corporation to insure the Property and the common property (or common elements), in accordance with the Applicable Laws. In addition, the Mortgagee agrees that the provisions of the Applicable Laws regarding the insurance proceeds will prevail notwithstanding subsection 6.1(k).

13.4 Right to Vote. The voting rights of the Mortgagor as owner are exercisable by the Mortgagee on written notice to the strata/condominium corporation as provided by the Applicable Laws, but the Mortgagee is not required to attend meetings of the strata/condominium corporation or to exercise such rights, whether or not notice is given. The Mortgagor hereby irrevocably assigns all voting rights to the Mortgagee, provided until the Mortgagee gives written notice of this Mortgage to the strata/condominium corporation, the Mortgagor may exercise voting rights.

13.5 Mortgagor to Supply Copies of Documents. At the request of the Mortgagee, the Mortgagor will give the Mortgagee copies of all notices, financial statements and other documents given by the strata/condominium corporation to the Mortgagor.

13.6 Mortgagee is Mortgagor's Agent. The Mortgagor appoints the Mortgagee to be the Mortgagor's agent to inspect or obtain copies of any records or other documents of the strata/condominium corporation that the Mortgagor is entitled to inspect or obtain, including the amount of any assessments or payments due to the strata/condominium corporation by the Mortgagor. The Mortgagee is entitled to make inquiries as to the status of the Mortgagor's common expense contributions.

13.7 Default. There is a Default if the strata/condominium corporation transfers, charges or adds to the common property (or common elements), or amends its Strata/Condominium Documents without the consent of the Mortgagee, and if, in the Mortgagee's opinion, the value of the Property is reduced.

13.8 Mortgagee May Require Payment. At the option of the Mortgagee, and subject to compliance with Applicable Laws, there is a Default if:

a. governance of the property of the strata/condominium corporation under the Applicable Laws is terminated or wound up as described in the Applicable Laws or the Strata/Condominium Documents;

b. a vote of the strata lot/condominium owners authorizes the sale of the property of the strata/condominium corporation or of a part of its common property (or common elements);

c. the strata/condominium corporation fails to comply with the Applicable Laws or the Strata/Condominium Documents;

d. the strata/condominium corporation fails to insure the strata lots/condominium units and common property (or common elements) against destruction or damage by fire and other perils usually insured against for full replacement cost; or

e. the strata/condominium corporation fails, in opinion of the Mortgagee, to manage its property and assets in a careful way or to maintain its assets in good repair.

13.9 Strata Lot/Condominium Expense Default. Where the Mortgagor defaults in the obligation to contribute to the administrative expenses assessed or levied by the strata/condominium corporation, or any authorized agent on its behalf, or any assessment, instalment or payment due to the strata/condominium corporation or upon breach of any covenant or the provisions herein before in this subsection 13.9 contained, regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, the Mortgagee, may at its sole option and discretion and without notice to the Mortgagor:

a. pay such expenses or levies and add any such payments to the Obligations and such amounts will bear interest according to the terms of any applicable Agreement and this Mortgage; or

b. deem such default to be a Default under this Mortgage.

Upon Default and notwithstanding any other right or action of the strata/condominium corporation or of the Mortgagee, the Mortgagee may distrain for arrears of any assessments, instalments or payments due to the Mortgagee or arising under this provision.

13.10 Mortgagee Not Responsible. Nothing done by the Mortgagee under this section 13 will make the Mortgagee a mortgagee in possession.

14. SUBDIVISION

14.1 Effect of Subdivision. If the Property is subdivided:

a. this Mortgage will charge each subdivided lot as security for payment and performance of all of the Obligations; and

b. the Mortgagee is not required to discharge this Mortgage as a charge on any of the subdivided lots unless all the Obligations are paid and performed.

15. SPOUSE OF THE MORTGAGOR

15.1 Consent of Spouse. Unless such affidavits and other documents are separately delivered to the Mortgagee as required under Applicable Laws to release to the Mortgagee any claim or interest of a Spouse in and to the Property, any Spouse who is signing the Mortgage Form consents to the granting of this Mortgage by the Mortgagor and releases to the Mortgagee any claim or interest that the Spouse has or may have in the Property under Applicable Laws as far as such release is necessary to give effect to the Mortgagee's rights under this Mortgage.

16. GENERAL

16.1 Who this Mortgage Binds. This Mortgage binds the Mortgagor, a Spouse (if any Spouse is signing the Mortgage Form) and their respective heirs, personal representatives, successors, executors, administrators and assigns.

16.2 Amendments. Any agreement to make material changes to this Mortgage will apply to those who agree to the changes in writing.

16.3 Joint and Several Obligations. Each Person who signs this Mortgage as a Mortgagor is jointly and severally liable for the payment and performance of all of the Obligations.

16.4 Unenforceable Provisions. If any part of this Mortgage is not enforceable or invalid, all other parts of this Mortgage will remain in full effect and be enforceable against the Mortgagor.

16.5 Mortgagee May Make Changes. The Mortgagee may, without consent or notice, assign, grant security interests in or otherwise dispose of all or some of the Obligations or this Mortgage.

16.6 Responsibility of Mortgagee. The Mortgagee is only liable to the Mortgagor for the Mortgagee's wilful misconduct or gross negligence.

16.7 Mortgagee May Delegate. The Mortgagee may delegate the exercise of its rights or the performance of its obligations to another Person. In that event, the Mortgagee may furnish that Person with any information it may have concerning the Mortgagor or the Property.

16.8 Headings. Headings in the Mortgage do not form part of this Mortgage but are used only for easy reference.

16.9 Interpretation. In this Mortgage, the singular includes the plural and vice versa.

16.10 Conflicts Between Documents. If there is a conflict between any provision of this Mortgage and any Agreement, the relevant provision in the Agreement will prevail to the extent of the conflict.

16.11 Further Assurances of the Mortgagor. At the request of the Mortgagee, the Mortgagor will execute such further documents as may be required by the Mortgagee to more fully give effect to this Mortgage.

16.12 Extent of Estate. For better securing to the Mortgagee the payment and the performance of the Obligations, the Mortgagor hereby mortgages to the Mortgagee all of the Mortgagor's estate and interest in the Property.

16.13 Power of Attorney. In consideration of the mutual promises of the Mortgagee and the Mortgagor in this Mortgage, the Mortgagor grants to the Mortgagee, with full power of substitution, an irrevocable power of attorney coupled with an interest to perform any action or to sign any document required to allow the Mortgagee to fully exercise the rights granted under this Mortgage or any Agreement and to deal with the Property. The Mortgagor ratifies in advance all actions of the Mortgagee pursuant to such power of attorney and confirms that the Mortgagee is not liable for any loss sustained by the Mortgagor or any other Person resulting from any such action or any failure to act.

16.14 Rights and Remedies. The Mortgagee may exercise all rights and remedies in this Mortgage, any Agreement or under Applicable Laws, concurrently, cumulatively, independently and in such order and combination and at such times as the Mortgagee sees fit. In doing so, the Mortgagee is not obligated to exhaust any one right or remedy before exercising any of its other rights or remedies.

16.15 Property Located in Saskatchewan. If the Property is located in Saskatchewan and the Mortgagor is a corporation:

a. *The Land Contracts (Actions) Act* of Saskatchewan shall have no application to any "action", as defined in that Act, with respect to this Mortgage; and

b. *The Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Mortgage or any Agreement or to the Mortgagee and any other Person who may have rights, powers or remedies under this Mortgage or any Agreement.

16.16 Property Located in British Columbia. If the Property is located in British Columbia:

a. The right of consolidation described in subsection 7.12 hereof shall apply to the Mortgage and to any other mortgages and/or charges given by the Mortgagor to the Mortgagee notwithstanding section 31 of the *Property Law Act*, R.S.B.C. 1996, c. 377, as amended or replaced from time to time.

b. Clause 15 of Schedule 6 of the *Land Transfer Form Act*, R.S.B.C. 1996, c. 252, as amended or replaced from time to time, is expressly excluded from this Mortgage.

16.17 Property Located in Alberta. If the Property is located in Alberta:

a. ***Expropriation Act* (Alberta):** The Mortgagor acknowledges that it has been fully instructed and advised as to the meaning of sections 49 and 52 of the *Expropriation Act* (Alberta), and hereby waives the provisions of sections 49 and 52 of the *Expropriation Act* (Alberta) and any legislation enacted in place thereof.

b. **Waiver of Insurance Statutes:** The Mortgagor hereby irrevocably waives any and all statutory provisions which may require that proceeds of insurance be used, or permit an insurer to use proceeds of insurance, to restore or rebuild, including the *Fires Prevention (Metropolis) Act*, 1774 and the *Insurance Act* (Alberta).

16.18 Governing Law. This Mortgage shall be governed in all respects by the laws of the Province where the Property is situated and the laws of Canada applicable therein.

SCHEDULE 1
LEASEHOLD MORTGAGE

1. **Definition.** For the purposes of this Schedule 1, "Lease" means a lease, or any sublease, pursuant to which the Mortgagor has a leasehold interest, if any, in the Property;

2. **Application to Leases.** If all or any part of the Property is held by way of a leasehold interest, this Schedule forms part of this Mortgage and this Mortgage is to be construed as a charge upon the unexpired term of the Lease less the last day of that term.

3. **Mortgagor Promises.** The Mortgagor represents to the Mortgagee that:

   a. the Mortgagor has provided to the Mortgagee a true and complete copy of the Lease;

   b. the Lease is held by the Mortgagor subject only to those charges and encumbrances that are registered in the appropriate registry of deeds, land titles or land registration office at the time the Mortgagor signs this Mortgage;

   c. the Lease is in good standing;

   d. the Mortgagor has complied with all the Mortgagor's promises and agreements contained in the Lease;

   e. the Mortgagor has paid all rent that is due and payable under the Lease;

   f. the Lease is not in default; and

   g. the Mortgagor has the right to mortgage the Lease to the Mortgagee.

4. **Mortgagor's Obligation.** Where the interest mortgaged is a leasehold interest, the Mortgagor will:

   a. comply with the Lease and not do anything that would cause the Lease to be terminated;

   b. immediately give to the Mortgagee a copy of any notice or request received from the landlord;

   c. maintain the Lease in good standing, and to renew the Lease or enter into a new lease agreement for the Property from time to time, so long as the Mortgage or Obligations are outstanding;

   d. immediately notify the Mortgagee if the landlord advises the Mortgagor of the landlord's intention to terminate the Lease before the term expires; and

   e. sign any other document the Mortgagee requires to ensure that any greater interest in the Property that is acquired by the Mortgagor is charged by this Mortgage.

5. **Default Under Lease.** Any default under the Lease is a Default under this Mortgage.

6. **No Changes to Lease.** The Mortgagor promises the Mortgagee that the Mortgagor will not, without first obtaining the written consent of the Mortgagee:

   a. surrender or terminate the Lease; or

   b. agree to change the terms of the Lease.

7. **Mortgagee May Perform.** The Mortgagee may perform any promise or agreement of the Mortgagor under the Lease. Any amounts paid by the Mortgagee pursuant to the Lease shall be added to and form part of Costs.

8. **Mortgagee Not Responsible.** Nothing done by the Mortgagee under this Schedule 1 will make the Mortgagee a mortgagee in possession.

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This is Exhibit "**17**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GENERAL SECURITY AGREEMENT
(All present and future assets)
(Canada except Quebec)

GRANTED BY: _____ZANATTA SEABORNE 2 HOLDINGS LTD. _____. (hereafter called the "Debtor")

TO NATIONAL BANK OF CANADA (hereafter called the "Bank").

1. GRANT OF SECURITY INTEREST

1.1 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Bank, the Debtor hereby grants to the Bank a security interest in all of the Debtor's present and after-acquired property and undertaking (collectively, the "Collateral") and also mortgages, charges and assigns the Collateral to the Bank. Without limitation, the Collateral includes all right, title and interest that the Debtor now has or may hereafter have or acquire in any manner whatsoever (including by way of an amalgamation) in all property of the following kinds:

(a) Receivables: all debts, accounts, claims and choses in action for monetary amounts (collectively, the "Receivables");
(b) Inventory: all inventory of whatever kind and wherever situated (collectively, the "Inventory");
(c) Equipment: all machinery, equipment, fixtures, furniture, vehicles and other goods which are not Inventory (collectively, the "Equipment");
(d) Securities: all shares, bonds, debentures and other securities (collectively, the "Securities");
(e) Instruments and Money: all bills, notes, cheques and other instruments (collectively, the "Instruments") and all money;
(f) Documents of Title and Chattel Paper: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not, and all chattel paper;
(g) Intangibles: all intangibles not otherwise described in this Section 1.1 including, without limitation, all goodwill and all patents, trademarks, copyrights and other intellectual property;
(h) Real Property: all real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "Real Property"), and all rights under any lease or agreement relating to Real Property;
(i) Books and Records: all books, invoices, documents and other records in any form evidencing or relating to the Collateral; and
(j) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

1.2 Obligations Secured

The obligations secured by this Agreement include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise (collectively, the "Obligations").

1.3 Certain definitions

(a) The terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act currently in effect in the province referred to in Section 6.12 below;
(b) Any reference in this Agreement to the security granted hereby refers collectively to the security interest, mortgage, charge and assignment hereby granted in favour of the Bank.
(c) Any reference to "Debtor" refers to the undersigned, if one, or to each undersigned, if more than one. When the term "Debtor" designates more than one person or entity, each one shall be jointly and severally liable for the obligations stipulated herein.

1.4 Attachment of Security

The Debtor acknowledges that value has been given and agrees that the security granted hereby attaches upon the execution of this Agreement (or, in the case of any after-acquired property, at the time of acquisition by the Debtor of any rights therein).

1.5 Real Property

(a) With respect to (and only to) Real Property, the security granted hereby is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the Obligations becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge;
(b) The security granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Debtor will hold such last day in trust for the Bank and, upon the enforcement by the Bank of its security, will assign such last day as directed by the Bank.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties

The Debtor hereby represents and warrants to the Bank that:

(a) the principal residence, chief executive office and registered office of the Debtor (as applicable) are located at the addresses specified in Schedule A; for the purposes of the Ontario and the British Columbia *Personal Property Security Act*, the Debtor is governed by the law of the jurisdiction specified in Schedule A, if applicable;
(b) the Inventory and Equipment of the Debtor are located at the addresses specified in Schedule A, except for goods in transit or on lease or consignment; and
(c) all motor vehicles, trailers, mobile or manufactured homes, aircraft, boats and outboard motors ("Serial Numbered Goods") in which the Debtor has rights and used as equipment are fully and accurately described in Schedule "A"; the Debtor will advise the Bank promptly, in writing, of any other Serial Numbered Goods that are held as Equipment and will provide the Bank with full and complete descriptions of such Serial Numbered Goods.

2.2 Covenants

The Debtor covenants with the Bank that the Debtor will:

(a) not change the location of its principal residence, chief executive office, registered office or its governing law, or move any of the Inventory or Equipment from the locations specified in Schedule A hereto, without the written consent of the Bank;
(b) not change its name without first giving written notice to the Bank of its proposed new name and, if the Debtor is a corporation, not amalgamate with any other corporation without the prior written consent of the Bank;
(c) preserve the value of the Collateral, and carry on its business in compliance with all applicable laws and regulations;
(d) not permit any Collateral consisting of personal property to be affixed to real property or to other personal property so as to become a fixture or accession without the written consent of the Bank;
(e) keep the Collateral free and clear of all liens, security interests, mortgages, charges, assignments and other encumbrances or interests except as permitted in writing by the Bank;

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(f) pay all taxes, levies, assessments and government fees or dues payable in respect of the Collateral as and when the same become due, and furnish to the Bank, when requested, evidence of such payment;
(g) whenever requested by the Bank, furnish to the Bank in writing all information requested relating to the Collateral, and the Bank will be entitled from time to time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Bank will have access to all premises occupied by the Debtor or where the Collateral may be found;
(h) ensure that the security granted hereby is at all times fully enforceable and perfected in respect of any Collateral; and
(i) pay to the Bank forthwith upon demand all costs, fees and expenses (including, without limitation, all legal, receiver, consulting and accounting fees and expenses) incurred or charged by the Bank in connection with the preparation, perfection, administration and discharge of this Agreement and the preservation and exercise of the rights, powers and remedies of the Bank; and all such costs, fees and expenses will bear interest at the highest rate borne by any of the Obligations and will form part of the Obligations.

2.3 Schedule A
Each schedule referred to in this Agreement and attached hereto shall form part of this Agreement. Any subsequent modifications to a schedule will be deemed to replace and supersede the earlier version and form part of this Agreement.

3. INSURANCE

3.1 Insurance Covenant
The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limitation, loss by fire, theft, collision and such other risks as are customarily insured against for each type of Collateral, in an amount not less than the full insurable value thereof, with such insurers as are reasonably satisfactory to the Bank.

3.2 Bank loss payee
All insurance policies must name the Bank as an additional insured and loss payee and must provide that the insurer will give the Bank at least 15 days written notice of intended cancellation or non-renewal. At the Bank's request, the Debtor must furnish the Bank with evidence satisfactory to the Bank that the required insurance coverage is in effect. The Debtor must forthwith give the Bank notice of any loss or damage to the Collateral.

4. DEALING WITH COLLATERAL

4.1 Disposition of Collateral by the Debtor
The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Bank, except that the Debtor may, until an Event of Default occurs hereunder, dispose of Inventory in the ordinary course of its business, but all proceeds of any such disposition will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds received by the Debtor.

4.2 Notification of Account Debtors
The Bank may at any time (i) give notice of this Agreement and the security granted hereby to any account debtor of the Debtor or to any other person liable to the Debtor and (ii) give notice to any such account debtor or other person to make all further payments to the Bank. Any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor, whether before or after any notice is given by the Bank will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds.

4.3 Securities
The Bank may have any Securities registered in its name or in the name of its nominee and will be entitled, but not required, to exercise any of the rights that any holder of such Securities may at any time have. However, until an Event of Default occurs, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Bank or which would not violate this Agreement, all voting power from time to time exercisable in respect of the Securities. The Bank will not be responsible for any loss occasioned by its exercise of any of such rights. Before or after an Event of Default occurs hereunder, the Debtor must deliver forthwith to the Bank those Securities requested by the Bank duly endorsed for transfer.

4.4 Proceeds held in Trust for the Bank
All proceeds received by the Debtor from the collection or disposition of Collateral or otherwise will be received by the Debtor as trustee for the Bank, must be held separate and apart from other property and must be paid over to the Bank upon request.

4.5 Application of Funds
All sums collected or received by the Bank in respect of the Collateral may be applied to such parts of the Obligations as the Bank in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Bank may be released to the Debtor, all without prejudice to the Bank's rights against the Debtor.

4.6 Collateral held by the Bank
In the holding of any Collateral, the Bank and any agent on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Bank and any agent on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Bank or its agent to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5. DEFAULT AND REMEDIES

5.1 Events of Default
The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):
(a) the Debtor does not pay to the Bank when payable any sum owing under the Obligations;
(b) the Debtor does not perform any of its covenants or obligations under this Agreement;
(c) any representation or warranty made by the Debtor herein or in any document provided at any time to the Bank in connection with this Agreement is incorrect or misleading in any material respect;
(d) the Debtor is in default under any other agreement with the Bank;
(e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof;
(f) the Debtor is insolvent;
(g) the commencement of any proceeding or the taking of any step by or against the Debtor (i) for the bankruptcy, reorganization, liquidation, dissolution or winding-up of the Debtor, (ii) for an arrangement or compromise with its creditors, or (iii) for the appointment of a trustee, receiver, custodian, liquidator or any other person with similar powers with respect to the Debtor or any part of the Collateral;
(h) the Collateral or any part thereof is seized or otherwise attached or is subject to a taking of possession by anyone and the same is not released or discharged within the shorter of a period of (i) 30 days and (ii) 10 days less than such period as would permit such property to be sold pursuant thereto; or
(i) the Bank believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached.

5.2 Consequences of a Default
On or after the occurrence of any Event of Default, at the option of the Bank, (i) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease; and (iii) the security granted hereby will become immediately enforceable.

5.3 Remedies
In addition to any right or remedy otherwise provided herein or by law, on or after the occurrence of any Event of Default, the Bank will have the rights and remedies set out below, all of which may be enforced successively or concurrently:

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(a) the Bank may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Bank at such places as may be specified by the Bank;
(b) the Bank may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
(c) the Bank may carry on all or any part of the business of the Debtor;
(d) the Bank may enforce any rights of the Debtor in respect of the Collateral;
(e) the Bank may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit, upon such terms and conditions as the Bank may determine and without notice to the Debtor unless required by law;
(f) the Bank may accept the Collateral in total or partial satisfaction of the Obligations in the manner provided by law;
(g) the Bank may, for any purpose specified herein, borrow money on the security of the Collateral, which security will rank in priority to the security granted hereby;
(h) the Bank may occupy and use all or any of the premises, buildings and plants occupied by the Debtor and use all or any of the Equipment and other property of the Debtor for such time as the Bank requires to facilitate the realization of the Collateral, free of charge; the Bank will not be liable for any rent, charges, depreciation or damages in connection with such actions; or
(i) the Bank may appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the whole or any part of the Collateral and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral.

5.4 Powers of the Receiver
Any Receiver will have all of the rights and powers that the Bank is entitled to exercise pursuant to Section 5.3, but the Bank will not be in any way responsible for any misconduct or negligence of any such Receiver.

5.5 Liability of Bank
The Bank will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Bank, the Debtor or any other person in respect of the Collateral. This Agreement and the security granted hereby will not render the Bank liable to observe or perform any covenant or obligation of the Debtor in any agreement or document to which the Debtor is a party or by which it is bound. In the exercise of its rights and the performance of its obligations, the Bank will only be liable for gross negligence or wilful misconduct.

5.6 Proceeds of Realization
The Bank may apply any proceeds of realization of the Collateral to payment of costs, fees and expenses mentioned in Section 2.2(i), including those related to the realization of the Collateral, and the Bank may apply any balance to payment of all other Obligations in such order as the Bank sees fit. If there is any surplus remaining, the Bank may pay it to any person entitled thereto by law of whom the Bank has knowledge and any balance remaining may be paid to the Debtor. If the realization of the Collateral fails to satisfy the Obligations, the Debtor will be liable to pay any deficiency to the Bank.

6. GENERAL

6.1 Failure of Debtor to Perform
If the Debtor fails to perform any of its covenants or obligations under this Agreement, the Bank may, in its absolute discretion, but without being required to do so, perform any such covenant or obligation. If any such covenant or obligation requires the payment of monies, the Bank may make such payment. All sums so paid by the Bank will be payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such sums. No such performance or payment will relieve the Debtor from any default under this Agreement or any consequences of such default.

6.2 Power of Attorney
The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to do all things and execute and deliver, documents, financing statements, demands and assignments which the Debtor is obliged to do or execute or deliver hereunder and generally to act in the name of the Debtor in the exercise of any of the powers hereby conferred on the Bank.

6.3 Appointment of Consultant
The Bank will be entitled to appoint a consultant to provide such services and advice as the Bank may determine in its sole discretion, with power to enter the Debtor's premises, to inspect and evaluate the Collateral, to make copies of the Debtor's records, to review the Debtor's business plans and projections, to assess the conduct and viability of the Debtor's business, to prepare reports on the Debtor's affairs and to distribute such reports to the Bank or to other such persons as the Bank may direct. Such consultant will act as an agent for the Bank and will owe no duty to the Debtor. The consultant is to have no managerial or advisory capacity and will have no decision making responsibility. The Debtor authorizes the Bank to provide confidential information to the consultant. All fees and expenses in connection with the engagement of a consultant are payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such fees and expenses.

6.4 Waivers by Debtor
The Bank may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up any security, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) otherwise waive rights against the Debtor, debtors of the Debtor, guarantors and others and with respect to the Collateral and other security as the Bank sees fit. No such action or omission will reduce the Obligations or affect the Bank's rights hereunder.

6.5 Waivers of Legal Limitations
To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any law which imposes limitations upon the powers, rights or remedies of a secured party, including any law which limits the rights of a secured party to both seize collateral and sue for any deficiency following realization of collateral. Without limitation, the Debtor (if a corporation) agrees that the *Limitation of Civil Rights Act* and Part IV of the *Saskatchewan Farm Securities Act* of the Province of Saskatchewan will not apply to this Agreement or any of the rights, remedies or powers of the Bank or any Receiver hereunder.

6.6 Copy of Documents and Consent to Filings
The Debtor acknowledges having received a copy of this Agreement and waives all rights to receive from the Bank a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Debtor confirms its consent to the filing by the Bank or on its behalf of any such financing statement or financing change statement.

6.7 Notices
Any notice to be given to a party in connection with this Agreement will be given in writing and will be given by personal delivery, by registered mail or by electronic means, addressed to the recipient at its address specified at the end of this Agreement or such other address as may be notified by any party to the other.

6.8 Additional Security and Other Remedies
This Agreement and the security granted hereby are in addition to and not in substitution for any other security or right now or hereafter held by the Bank. This Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Bank. The Bank may sue the Debtor and enforce all of its other rights and remedies in respect of the Obligations without being required to exercise or exhaust any of its rights and remedies hereunder.

6.9 Further Assurances
The Debtor must at its expense do all things and execute and deliver all such financing statements, further assignments and documents as may be reasonably requested by the Bank for the purpose of giving effect to this Agreement and establishing compliance with the obligations of the Debtor hereunder.

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6.10 Discharge
The Debtor will be entitled to a discharge of this Agreement upon written request by the Debtor and full payment, performance and satisfaction of the Obligations. No discharge will be effective unless in writing and executed by the Bank.

6.11 Severability
If any provision of this Agreement were to be found invalid or unenforceable, the remaining terms and provisions of this Agreement will remain in full force and effect.

6.12 Governing Law
This Agreement will be governed by and construed in accordance with the laws of the province in which the office of the Bank specified below is located, except that if such office is located in the province of Quebec, then this Agreement will be governed by and construed in accordance with the laws of the province of Ontario.

This Agreement will bind and be enforceable against the Debtor regardless of whether it has been executed by the Bank.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

Officer Signature(s)

Name:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

(as to all signatures)

Execution Date

Y	M	D
24	11	14

Transferor(s) Signature(s)

ZANATTA SEABORNE 2 HOLDINGS LTD. by its authorized signatory(ies):

Print Name: JASON ZANATTA

Print Name:

NATIONAL BANK OF CANADA

2024 11 14
Date of Execution (YYYY MM DD)

By: _____
(Authorized signature)

ADDRESS OF DEBTOR FOR NOTICE PURPOSES:

800 - 885 West Georgia Street, Vancouver BC V6C 3H1

ADDRESS OF BANK FOR NOTICE PURPOSES:

475 Howe Street, Suite 2900, Vancouver, BC V6C 2B3

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SCHEDULE A

To a General Security Agreement made as of November 14th, 2024 between ZANATTA SEABORNE 2 HOLDINGS LTD., as Debtor and National Bank of Canada, as Bank.

1. **ADDRESS(ES) OF PLACE(S) OF BUSINESS (Section 2.1(a))**
   Principal residence (for individuals only): n/a
   Chief executive office (for businesses only)[1]:
   Registered office (for businesses only)[2]: 800 - 885 West Georgia Street, Vancouver BC V6C 3H1
   Other place(s) of business[3]: none
   Governing law[4]: n/a
   [indicate governing law for a trust or partnership (other than a limited partnership), otherwise indicate N/A]:

2. **LOCATION OF INVENTORY AND EQUIPMENT (Section 2.1(b))**
   Address(es)[5]: same as above
3. **EQUIPMENT CONSISTING OF SERIAL NUMBER GOODS (Section 2.1(c))[6]**

1 If the Debtor has only one place of business, indicate the address of that place of business. If the Debtor has more than one place of business, indicate the address of its place of business which is its principal decision-making centre.
2 Indicate "same as above" if the registered office (legal head office) is at the same address as the chief executive office.
3 Indicate "none" if the Debtor has no other place of business.
4 If the Debtor is a partnership (other than a limited partnership) or a trust, indicate the stated governing law in the partnership agreement or deed of trust.
5 Indicate "same as above" if the inventory and equipment of the Debtor are all located at the address(es) specified in 1.

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[6] Indicate make, model, year of manufacture, serial number and any registration or governmental mark or number.

® The National Bank logo is a registered trademark of National Bank of Canada.

This is Exhibit "**18**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   ZANATTA SEABORNE 2 HOLDINGS LTD

   (the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantees payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), for an unlimited amount, with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

* The National Bank logo is a registered trademark of National Bank of Canada.

that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by telecopier, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this guarantee signed by the Guarantor (including by electronic signature) has the same effect as if the Guarantor had manually delivered to the Bank a copy of this guarantee signed by it. Such electronic counterparts are deemed to be originals.

18. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

19. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

20. The undersigned acknowledge and agree that it is the intention of the parties that this guarantee be construed as a deed.

IN WITNESS WHEREOF the Guarantor has signed at Vancouver, British Columbia
this 14th day of November 2024.

SIGNED AND DELIVERED

WITNESS

First name and last name (*in block letters*):

First name and last name (*in block letters*):

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

GUARANTOR: NOVO TEXTILE COMPANY LTD.
by its authorized signatory(ies):

Name: Jason Michael Zanatta

Name:

This is Exhibit "**19**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   ZANATTA SEABORNE 2 HOLDINGS LTD

   (the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantees payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), for an unlimited amount, with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

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that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by telecopier, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this guarantee signed by the Guarantor (including by electronic signature) has the same effect as if the Guarantor had manually delivered to the Bank a copy of this guarantee signed by it. Such electronic counterparts are deemed to be originals.

18. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

19. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

20. The undersigned acknowledge and agree that it is the intention of the parties that this guarantee be construed as a deed.

IN WITNESS WHEREOF the Guarantor has signed at Vancouver, British Columbia
this 14th day of November 2024.

SIGNED AND DELIVERED

WITNESS

First name and last name (*in block letters*):

First name and last name (*in block letters*):

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

GUARANTOR: **NOVO HOLDINGS CO. LTD.**
by its authorized signatory(ies):

Name: Jason Michael Zanatta

Name:

This is Exhibit "**20**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 21 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   ZANATTA SEABORNE 2 HOLDINGS LTD.

   (the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to

   Four hundred ninety-six thousand five hundred in Canadian dollars

   ($ 496,500.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

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7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

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12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

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National Bank is a trademark used by National Bank of Canada.

that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Vancouver, BC
this 14th day of November 2024.

SIGNED, SEALED AND DELIVERED

WITNESS

First name and last name (*in block letters*):

Address:

GUARANTOR: **ZANATTA FAMILY TRUST**
By its Trustee:

Name: JASON MICHAEL ZANATTA

Name:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

This is Exhibit "**21**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

GUARANTEE
(Canada except Quebec)

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

   ZANATTA SEABORNE 2 HOLDINGS LTD.

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   Four hundred ninety-six thousand five hundred in Canadian dollars

   ($ 496,500.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.

3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.

4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.

5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.

6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.

7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.

8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.

10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.

11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

    Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

    Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.

13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.

14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshall in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.

15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

National Bank is a trademark used by National Bank of Canada.

that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.

17. This guarantee will be construed and governed in accordance with the laws of the Province of British Columbia and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.

18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Vancouver, BC
this 14th day of November 2024.

SIGNED, SEALED AND DELIVERED

WITNESS

First name and last name *(in block letters)*:

Address:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

GUARANTOR:

JASON MICHAEL ZANATTA

This is Exhibit "**22**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

THE CITY OF PORT COQUITLAM
PROPERTY TAX AND UTILITY CERTIFICATE

Printed: Jun 5, 2026
Number: 78747

2580 Shaughnessy St.
Port Coquitlam, BC V3C 2A8
Phone: (604) 927-5425
Fax: (604) 927 5401

This certificate is issued in accordance with Section 249 of the Community Charter - Statement of Taxes Outstanding. Under 249 (3), an error in a statement or certificate given under this section does not subject the Municipality to damages.

For BC ONLINE
14719-653

Owner

Property

Folio: 802040-022 **LTO No.:** CA8592509
Pid: 031-181-368 **MHR No.:**

Civic: 2130 950 SEABORNE AVE
Legal: LT 20, SEC 8, RGE 1E, NWD, PL EPS7008

2026 Assessments

Value Set	Assessment Class	Value Type	Land	Improvements	Total
GENERAL	Business/Other	GROSS	1,299,000	411,000	1,710,000
GENERAL	Business/Other	EXEMPT	0	10,000	10,000
GENERAL	Business/Other	NET	1,299,000	401,000	1,700,000

2026 Levies, Grants, Deferrals

Total Levy	**19,408.56**
Grant Available	
65 and over	0.00
Under 65	0.00
Grant Claimed	**0.00**
Deferred	**0.00**

Property Taxes Owing As At Jun 5, 2026

Delinquent (2024)	0.00
Arrears (2025)	20,417.96
Interest to Jun 5, 2026	645.96
Current (2026)	19,408.56
	40,472.48
Penalties	0.00
Total Taxes Owing	**40,472.48**

2027 Instalments

Payments Made	0.00
Interest Earned	0.00
Adjustments	0.00
Balance as at Jun 5, 2026	**0.00**

Important Property Comments

GENERAL	2026 CURRENT TAXES ARE DUE JULY 2, 2026. A 5% PENALTY IF UNPAID AFTER JULY 2, 2026 AND AN ADDITIONAL 5% PENALTY IF UNPAID AFTER SEPT 15, 2026.
GENERAL	All purchasers will be responsible for the cost of any garbage/recycling/green waste carts. Please ensure that the previous owner leaves the carts with the property.
GENERAL	If making adjustments within 30 days after penalty date, please confirm balance owing shown with the Tax Office for accuracy.
GENERAL	Information on local improvements or other charges should not be overlooked by the real estate agents solicitors or purchasers. Those buying properties should be afforded all information, which can be obtained on their behalf. ASK IF UNSURE!
GENERAL	Online and prepayment plan payments may be recalled/reversed by the originating bank up to three (3) months from original date of payment. When conveying a property, please consider same time period for HOLDBACKS.
GENERAL	PREPAYMENT PLANHOLDERS: NO CANCELLATIONS/CHANGES CAN BE MADE DURING MAY AND JUNE.
GENERAL	This certificate covers property tax and utility information only. PLEASE DIRECT ALL OTHER QUERIES TO THE APPROPRIATE DEPARTMENT.
TAX	Daily interest on Arrears and Delinquent taxes is $ 4.168

E & O/E

This is Exhibit "**23**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

THE CITY OF PORT COQUITLAM
PROPERTY TAX AND UTILITY CERTIFICATE

Printed: Jun 5, 2026
Number: 78748

2580 Shaughnessy St.
Port Coquitlam, BC V3C 2A8
Phone: (604) 927-5425
Fax: (604) 927 5401

This certificate is issued in accordance with Section 249 of the Community Charter - Statement of Taxes Outstanding. Under 249 (3), an error in a statement or certificate given under this section does not subject the Municipality to damages.

For BC ONLINE
14719-0653

Owner

Property

Folio: 802040-109 **LTO No.:** CB569370
Pid: 031-906-630 **MHR No.:**

Civic: 1150 955 SEABORNE AVE
Legal: LT 9, BLK 6N, SEC 8, RGE 1E, NWD, PL EPS9208

2026 Assessments

Value Set	Assessment Class	Value Type	Land	Improvements	Total
GENERAL	Business/Other	GROSS	1,267,000	422,000	1,689,000
GENERAL	Business/Other	EXEMPT	0	10,000	10,000
GENERAL	Business/Other	NET	1,267,000	412,000	1,679,000

2026 Levies, Grants, Deferrals		Property Taxes Owing As At Jun 5, 2026		2027 Instalments	
Total Levy	**19,168.81**	Delinquent (2024)	0.00	Payments Made	0.00
Grant Available		Arrears (2025)	20,191.09	Interest Earned	0.00
65 and over	0.00	Interest to Jun 5, 2026	638.79	Adjustments	0.00
Under 65	0.00	Current (2026)	19,168.81	**Balance as at**	
			39,998.69	**Jun 5, 2026**	**0.00**
Grant Claimed	**0.00**	Penalties	0.00		
Deferred	**0.00**	**Total Taxes Owing**	**39,998.69**		

Important Property Comments

GENERAL	2026 CURRENT TAXES ARE DUE JULY 2, 2026. A 5% PENALTY IF UNPAID AFTER JULY 2, 2026 AND AN ADDITIONAL 5% PENALTY IF UNPAID AFTER SEPT 15, 2026.
GENERAL	All purchasers will be responsible for the cost of any garbage/recycling/green waste carts. Please ensure that the previous owner leaves the carts with the property.
GENERAL	If making adjustments within 30 days after penalty date, please confirm balance owing shown with the Tax Office for accuracy.
GENERAL	Information on local improvements or other charges should not be overlooked by the real estate agents solicitors or purchasers. Those buying properties should be afforded all information, which can be obtained on their behalf. ASK IF UNSURE!
GENERAL	Online and prepayment plan payments may be recalled/reversed by the originating bank up to three (3) months from original date of payment. When conveying a property, please consider same time period for HOLDBACKS.
GENERAL	PREPAYMENT PLANHOLDERS: NO CANCELLATIONS/CHANGES CAN BE MADE DURING MAY AND JUNE.
GENERAL	This certificate covers property tax and utility information only. PLEASE DIRECT ALL OTHER QUERIES TO THE APPROPRIATE DEPARTMENT.
TAX	Daily interest on Arrears and Delinquent taxes is $ 4.121

E & O/E

This is Exhibit "**24**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 21 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

Novo Textile Company Ltd and Novo Holdings Co Ltd
10 KING EDWARD Street Unit 105
COQUITLAM, BC V3K 4S8

50123MXWP

Hello,

At Intact Insurance, we are committed to providing exceptional customer service and insurance solutions for you and your business. Your policy includes the *EDGE* Complete package. It is a comprehensive and adaptable commercial property product tailored to your specific insurance needs across various industries.

Built for business

EDGE Complete's flexible limit structure offers you better protection in the event of an incident.

- Sections 1 and 2 provide a high blanket limit for your policy term, even if you have more than one claim during the term. The entire amount can be applied to any one coverage or a combination of coverages within these sections.
- Section 3 provides more than 30 additional coverage items, each with an individual limit.

Designed for manufacturers

EDGE Complete offers specialized coverage and solutions to keep the production line operating and mitigate the impact of risks for manufacturers:

- In the event of a total loss, the new generation extension covers the price difference if you replace damaged equipment with a newer model
- Replacement cost to help replace unsold, damaged or lost stock
- Temporary coverage for newly acquired equipment that you may not have had time to add to your policy
- Coverage for direct stock damage resulting from temperature changes caused by insured peril to equipment and buildings

Please note: This letter is only a summary. Please contact your insurance broker for more details on our products, including a full list of conditions and exclusions.

If you have questions about your policy, this offering or higher coverage limits, please contact your broker at WAYPOINT INSURANCE SERVICES INC.

Sincerely,
The Intact Insurance Team

CC:
Broker Copy

Novo Textile Company Ltd and Novo Holdings Co Ltd
10 KING EDWARD Street Unit 105
COQUITLAM, BC V3K 4S8

50123MXWP

Hello,

At Intact Insurance, we are committed to providing exceptional customer service and insurance solutions for you and your business. Your policy includes the *EDGE* Complete package. It is a comprehensive and adaptable commercial property product tailored to your specific insurance needs across various industries.

Built for business

EDGE Complete's flexible limit structure offers you better protection in the event of an incident.

- Sections 1 and 2 provide a high blanket limit for your policy term, even if you have more than one claim during the term. The entire amount can be applied to any one coverage or a combination of coverages within these sections.
- Section 3 provides more than 30 additional coverage items, each with an individual limit.

Designed for warehousing

EDGE Complete offers appropriate and customizable coverage to protect all aspects of warehousing and operations:

- Clean-up of land and water pollution on your property to help reduce the cleaning costs following a claim
- Catch-all clause coverage provides additional limits to extensions under section 3 in case a loss exceeds the extension limit.
- Coverage to replace, repair or reprogram locks and keys following a covered loss
- Storage fees accrued to cover uncollectible charges resulting from the loss or damage to your property

Please note: This letter is only a summary. Please contact your insurance broker for more details on our products, including a full list of conditions and exclusions.

If you have questions about your policy, this offering or higher coverage limits, please contact your broker at WAYPOINT INSURANCE SERVICES INC.

Sincerely,
The Intact Insurance Team

CC:
Broker Copy

Commercial Insurance
Declaration Pages
Policy 50123MXWP

Intact Insurance Company
1200, 321 - 6th Avenue S.W.
Calgary, AB T2P 4W7

Insured name and postal address
Novo Textile Company Ltd and Novo Holdings Co Ltd
10 KING EDWARD Street Unit 105
COQUITLAM, BC V3K 4S8

Broker 76520
WAYPOINT INSURANCE SERVICES INC
3295 West Broadway Vancouver, British Columbia
V6K 2H5
Phone No. 604 731 4684

General Information

Intact Insurance Company hereinafter called the Insurer.

Type of Document	RENEWAL
Policy Period	**From** April 1, 2025 **To** April 1, 2026 12:01 A.M. local time at the postal address of the Insured shown above
Insured's Business Operations	Manufacturers of Medical Masks & N95 Medical Respirators.
Billing Method	Agency Bill
	Total Policy Premium **$21,997**

Save paper, add convenience!
Ask your broker how you can receive your documents electronically.

This policy contains a clause(s) that may limit the amount payable

Senior Vice President, Western Canada

In consideration of the Premium stated, the Insurer will indemnify the Insured with the Terms and Conditions of this Policy.

This Policy is issued subject to the Declaration Page(s), Coverage Agreements, Exclusions, Definitions, Conditions, and Limits as well as the Riders, Endorsements or Amendments brought to this Policy which may from time to time be added to form part of this Policy.

Whenever used in the Declaration Page(s) or in the Forms and Endorsements forming part of this insurance contract, the expression "Policy" means this/these Declaration Page(s) and all the Forms, Riders, Endorsements and Amendments brought to this Policy forming part of this insurance contract for each Coverage.

Notwithstanding any contrary provision, the Coverage provided under any Form or Endorsement attached to this Policy does not extend to any other Form or Endorsement, unless such Form or Endorsement specifies that its Coverage extends and applies to this other Form or Endorsement.

In accepting this Policy, the Insured and the Beneficiary, if any, recognize that from the effective date of this Policy, any previous policy stated in the Declaration Page(s) is replaced by this Policy, including all renewals attaching thereto.

CANCELLATION

In consideration of the return premium, if any, this Policy and Renewal (if any) are cancelled and surrendered to the Insurer.

Date of Cancellation (Day, month, year): _____

Reason: _____

Signature: _____ _____

Insured Date

Location 1

Address 10 KING EDWARD Street
COQUITLAM, BC V3K 4S8

Occupancy Manufacturing of medical and surgical equipment

Coverage	Form	Coinsurance %	Deductible $	Limit of Insurance $
Building and/or Contents - Broad Form	BF02-2			
Contents Valuation: Replacement Cost		90	5,000	7,433,533
Profits	BI10-1	100		1,835,000
Earthquake Shock Endorsement	E021-5			
Deductible 20% or $100,000. whichever is the greater				
Ordinary Payroll Profits Form (90 Days)	E032R1-1	80		200,000
Sewer Back Up Endorsement	E042-2		5,000	
Sewer Back Up Extension Concurrent Flood Exclusion	E190-2			
Edge Complete 2.0	EP30-1			
Section 1 - Blanket Extensions				500,000
Section 2 - Blanket Extensions				100,000
Section 3 - Additional Extensions				As per Form
Section 3 - Additional Extensions - Extra Expenses				100,000
Section 3 - Additional Extensions - Property in Transit				90,000
Business Interruption Extension 2.0	EP31-1			As per Form

Policy 50123MXWP

Location 2

Address 950 Seaborne Avenue
PORT COQUITLAM, BC V3E 3G7

Occupancy Warehousing and storage

Coverage	Form	Coinsurance %	Deductible $	Limit of Insurance $
Building and/or Contents - Broad Form	BF02-2			
Contents Valuation: Replacement Cost		90	5,000	568,275
Earthquake Shock Endorsement	E021-5			
Deductible 20% or $100,000. whichever is the greater				
Flood Extension	E023-3		50,000	
Sewer Back Up Endorsement	E042-2		5,000	
Sewer Back Up Extension Concurrent Flood Deductible	E188-2			
Edge Complete 2.0	EP30-1			
Section 1 - Blanket Extensions				500,000
Section 2 - Blanket Extensions				100,000
Section 3 - Additional Extensions				As per Form
Section 3 - Additional Extensions - Extra Expenses				100,000

Loss, if any, will be payable to the Insured and		Applicable to
National Bank of Canada 475 Howe Street, Unit 2900 Vancouver BC V6C 2B3	Loss Payee / Payable	As Their Interest May Appear

Intact Insurance Company

Miscellaneous

Coverage	Form	Coinsurance %	Deductible $	Limit of Insurance $
Legal Guard Information Service	E110-1			As per Form
Privacy Breach Expense Endorsement	E127-4			
A: Privacy Breach Expenses			1,000	25,000
B: Business Interruption				25,000
Privacy Breach Legal Expense Endorsement	E128-2			25,000
Named Insured Amendment	GE0001			

Loss, if any, will be payable to the Insured and		Applicable to
Business Development Bank of Canada BDC Tower, One Bentall Center 505 Burrard Street, Suite 2100 Vancouver BC V7X 1M6	Loss Payee / Payable	As Their Interest May Appear
Business Development Bank of Canada 3999 Henning Drive, Suite 302 Burnaby BC V5C 6P9	Loss Payee / Payable Notice of Material Change[1]: 30 days	As their interests may appear
Canadian Western Bank 10303 JASPER Avenue NW, Unit 3000 EDMONTON AB T5J 3X6	Loss Payee / Payable	As Their Interest May Appear

[1]The Insurer will endeavour to mail to the Interested Party, within the numbers of days indicated above, a written notice of any material change in or cancellation of this policy, but assumes no responsibility for failure to do so.

Policy 50123MXWP

Crime

Coverage	Form	Deductible $	Limit of Insurance $
Crime 2.0	C112-1		
Coverage 1 - Employee Dishonesty		1,000	50,000
Coverage 2 - Theft, Robbery or Burglary		1,000	25,000
Coverage 3 - Fraud - Limit per Coverage		1,000	25,000
Coverage 4 - Expenses - Blanket Limit			10,000

Intact Insurance Company

Additional Conditions

	Form
Declaration of Emergency Endorsement	2485-1
Virus and Bacteria Exclusion Endorsement	E199-1
Cyber Incident Exclusion Endorsement	E201-1
Commercial Policy Conditions and Statutory Conditions	G021-5

Emergency number

If you have a serious loss after regular business hours, please call:

1 866 464 2424

Policy 50123MXWP
Miscellaneous

Named Insured Amendment

This Endorsement Changes the Policy. Please Read It Carefully.

Certain words and phrases that appear in bold have special meaning as defined below or in the Form to which this Endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

It is agreed that the Named insured shown in the Declaration Page(s) now reads as follows:

Novo Textile Company Ltd and Novo Holdings Co Ltd and Zanatta Seaborne Holdings Ltd

All other terms and conditions of the policy remain unchanged.

DECLARATION OF EMERGENCY ENDORSEMENT - EXTENSION OF TERMINATION OR EXPIRY DATE

The effective date of termination of this policy by the Insurer or the expiry date of this policy is extended, subject to the conditions and definitions set out below, as follows when an "emergency" is declared by a Canadian public authority designated by statute for the purpose of issuing such an order.

1. The "emergency" must have a direct effect or impact on:
   i) the Insured, the insured site or insured property located in the declared emergency area; or
   ii) the operations of the Insurer or its agent/broker located in the declared emergency area.
2.
   A. Any time limitation described in the Termination condition of this policy, with respect to termination of this policy by the Insurer, will not continue to run until the "emergency" is terminated plus the lesser of:
      i) 30 days; or
      ii) the number of days equal to the total time the "emergency" order was in effect.
   B. If this policy is due to expire during an "emergency", it will continue in force until the "emergency" is terminated plus the lesser of:
      i) 30 days; or
      ii) the number of days equal to the total time the "emergency" order was in effect.
3. In no event shall the total term of this extension exceed 120 consecutive days

The Insured agrees to pay the pro rata premium earned for the additional time the Insurer remains on risk as a result of the above.

"Emergency" means the first statutory declaration of an emergency:

a) with respect to a situation or an impending situation that constitutes a danger of major proportions that could result in serious harm to persons or substantial damage to property and that is caused by the forces of nature, a disease or other health risk, an accident or an act whether intentional or otherwise; or

b) as provided for by the relevant governing legislation if different from a).

but does not include any subsequent statutory declaration(s) that may be issued relating to the same event.

All other terms and conditions of the Policy to which this endorsement applies remain unchanged.

PROPERTY COVERAGE

BUILDING AND/OR CONTENTS - BROAD FORM

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Certain words and phrases in bold font have special meaning as defined in the DEFINITIONS Section.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

INDEMNITY AGREEMENT

1. In the event that any of the insured property is lost or damaged during the policy period by an insured peril, the Insurer will indemnify the Insured against the direct loss or damage so caused to an amount not exceeding whichever is the least of:
   1.1. the value of the lost or damaged property as determined in SPECIAL PROVISIONS - Item 5. – Basis of Valuation, or if the Declaration Page(s) specifies that this policy is endorsed with a Form that contains a Replacement Cost clause applicable to this Form, by the valuation determined in the replacement cost clause;
   1.2. the interest of the Insured in the property;
   1.3. the amount of insurance specified on the Declaration Page(s) for the lost or damaged property.

   The inclusion of more than one person or interest shall not increase the Insurer's liability.
2. **INSURED PROPERTY**

   This Form insures those of the following items for which an amount of insurance is specified on the Declaration Page(s), and only while at the **premises:**

   Building

   Equipment

   Stock

   Contents

   Property of Every Description
3. **INSURED PERILS**

   This Form, except as otherwise provided, insures against all risks of direct physical loss of or damage to the insured property.

EXCLUSIONS

1. **EXCLUDED PROPERTY**

   This Form does not insure loss of or damage to:

   1.1. Sewers, Drains, Watermains

   sewers, drains or **watermains** located beyond the Insured's property lines at the location(s) described in the Declaration Page(s). This exclusion does not apply to loss or damage caused directly by **Named Perils;**

   Sewers drains or **watermains** located within the property lines described above shall only be covered if the Insured owns or is legally liable for loss or damage to such property;

   1.2. Vacancy

   property at locations which, to the knowledge of the Insured, are vacant, unoccupied or shut down for more than 30 consecutive days;

   With regards to Condominium vacancy, refer to Item 8. Special Provisions applicable to Condominiums of the SPECIAL PROVISIONS;

   1.3. Electrical Devices, Appliances or Wiring

   electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing. This exclusion does not apply to loss or damage caused directly by resultant fire or explosion;

   1.4. Growing Plants, Trees, Shrubs or Flowers

   growing plants, trees, shrubs or flowers, all while outside the **building,** except as provided in Extension of Coverage 5. Growing Plants, Trees, Shrubs or Flowers Outside the Building;

   1.5. Animals, Fish or Birds

   animals, fish or birds. This exclusion does not apply to loss or damage caused directly by **Named Perils** or by theft or attempted theft;

   1.6. Money, Precious Metals and Securities

   money, digital currency, **cash cards,** bullion, platinum, precious metals and alloys, securities, stamps, tickets (except lottery tickets) and tokens, or evidence of debt or title;

   1.7. Automobiles, Watercraft and Aircraft

   automobiles, watercraft, amphibious or air cushion vehicles, aircraft, spacecraft, trailers, motors or other accessories attached to or mounted on such property. This exclusion does not apply to:

   1.7.1. watercraft or amphibious or air cushion vehicles held for sale;

   1.7.2. unmanned air vehicles held for sale, while not airborne;

   1.7.3. unlicensed automobiles or unlicensed trailers used in the business of the Insured when on the **premises;**

   1.8. Furs and Jewellery

   furs, fur garments, jewels, jewellery and precious stones;

   This exclusion does not apply to:

   1.8.1. loss or damage caused directly by **Named Perils;** or

   1.8.2. the first $5,000 of any loss otherwise insured;

   1.9. Property Covered under Marine Insurance

   Property that is insured under the terms of any marine insurance;

   1.10. Property Loaned, Rented or Leased

   property from the time of leaving the Insured's custody, if it is:

   1.10.1. loaned, rented or leased to others; or

   1.10.2. sold by the Insured under conditional sale or instalment payment or other deferred payment plan;

   This exclusion (1.10.) does not apply while such property is in the custody of a carrier for hire for the purpose of delivery at the risk of the Insured;

1.11. Property Illegally Acquired

property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;

1.12. Pressure Vessels and Boilers

1.12.1. any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure;

1.12.2. any boiler, including its connected piping and equipment, which contains steam or water under steam pressure (except tanks having an internal diameter of 610 millimetres (24 inches) or less used for the storage of hot water for domestic use);

caused directly or indirectly by explosion, rupture, bursting, cracking, burning out or bulging of such property while connected ready for use;

This exclusion (1.12.) does not apply to:

1.12.3. manually portable gas cylinders;

1.12.4. explosion of natural, coal or manufactured gas;

1.12.5. explosion of gas or unconsumed fuel within a furnace or within the gas passages from the furnace to the atmosphere;

2. EXCLUDED PERILS

This Form does not insure against increased costs, and loss or damage caused directly or indirectly:

2.1. Earthquake

in whole or in part by earthquake. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage, except for loss or damage caused directly by resultant fire, explosion, smoke or **leakage from fire protective equipment;**

This exclusion does not apply to property in transit, provided such coverage is afforded by endorsement attached to this Form;

2.2. Flood

in whole or in part by flood, including **surface water,** waves, tides, tidal waves, tsunamis, or the breaking out or overflow of any natural or artificial body of water. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage, except for loss or damage caused directly by resultant fire, explosion, smoke or **leakage from fire protective equipment;**

This exclusion does not apply to property in transit, provided such coverage is afforded by endorsement attached to this Form, or to loss or damage caused directly by leakage from a **watermain;**

2.3. Other Water Damage

2.3.1. by seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings, foundations, basement floors, sidewalks or sidewalk lights, unless concurrently and directly caused by an insured peril not otherwise excluded in this Form;

2.3.2. by the backing up or overflow of water from sewers, sumps, septic tanks or drains, wherever located, unless concurrently and directly caused by an insured peril not otherwise excluded in this Form;

2.3.3. by the entrance of rain, sleet or snow through doors, windows, skylights, or other similar wall or roof openings, unless through an aperture concurrently and directly caused by an insured peril not otherwise excluded in this Form;

2.4. Centrifugal Force, Breakdown

by centrifugal force, mechanical or electrical breakdown or derangement, in or on the **premises.** This exclusion does not apply to loss or damage caused directly by resultant fire;

2.5. Atmospheric, Temperature Change, Service Interruption or other Damage

2.5.1. by dampness or dryness of atmosphere;

2.5.2. by changes in or extremes of temperature, heating or freezing;

2.5.3. by total or partial interruption to the supply of electricity, water, gas or steam;

2.5.4. by shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, or change in colour or texture or finish;

2.5.5. by contamination;

2.5.6. by marring, scratching or crushing.

This exclusion (2.5.) does not apply to loss or damage caused directly by:

2.5.7. **Named Perils;**

2.5.8. rupture of pipes;

2.5.9. breakage of apparatus not excluded under paragraph 1.12. of this Form;

2.5.10. theft or attempted theft;

2.5.11. an accident to a transporting conveyance provided such coverage is afforded by endorsement attached to this Form;

2.5.12. damage to pipes caused directly by freezing unless such pipes are excluded in paragraph 1.12. of this Form;

2.6. Rodents, Insects or Vermin

by rodents, insects or vermin. This exclusion does not apply to loss or damage caused directly by an insured peril not otherwise excluded in this Form;

2.7. Delay

by delay, loss of market, or loss of use or occupancy;

2.8. War

in whole or in part by war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military power. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage;

2.9. Nuclear

2.9.1. by any nuclear incident (as defined in the *Nuclear Liability and Compensation Act*, any other nuclear liability act, law or statute, or any amending law) or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;

2.9.2. by contamination by radioactive material;

2.10. Dishonest or Criminal Act

2.10.1. by any dishonest or criminal act committed by the Insured or any agent of the Insured, acting alone or in collusion with others(except bailees for hire);

2.10.2. by theft or attempted theft committed by any employee of the Insured, acting alone or in collusion with others;

2.10.3. by any dishonest or criminal act committed by anyone, except as stated in 2.10.2., when the Insured or any agent of the Insured knew or ought to have known prior to the loss or damage, of the dishonest or criminal act;

2.11. Snowslide or Landslide

by snowslide, landslide, subsidence or other earth movement. This exclusion does not apply to property in transit (provided such coverage is afforded by endorsement attached to the present Form), or to loss or damage caused directly by resultant fire, explosion, smoke or **leakage from fire protective equipment;**

2.12. Loss or Damage caused by Pressure Vessels, Boilers

by explosion (except explosion of natural, coal, or manufactured gas), collapse, rupture, bursting, cracking, burning out or bulging of the following property owned, operated or controlled by the Insured:

2.12.1. the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;

2.12.2. piping and apparatus or their parts normally containing steam or water under steam pressure from an external source and while under such pressure;

2.12.3. other vessels and apparatus and their connected pipes while under pressure, or while in use or in operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure, but this exclusion does not apply to loss or damage resulting directly from the explosion of manually portable gas cylinders or of tanks having an internal diameter of 610 millimetres (24 inches) or less used for the heating and storage of hot water for domestic use;

2.12.4. moving or rotating machinery or its parts;

2.12.5. any vessels and apparatus and their connected pipes while undergoing pressure tests, but this exclusion does not apply to other insured property that has been damaged by such explosion;

2.12.6. gas turbines;

This exclusion (2.12.) does not apply to loss or damage caused by resultant fire;

2.13. Settling, Expansion, Shifting or Cracking

by settling, expansion, contraction, moving, shifting or cracking. This exclusion does not apply to loss or damage caused directly and concurrently by an insured peril not otherwise excluded in this Form;

2.14. By-Laws

proximately or remotely, arising in consequence of or contributed to by the enforcement of any by-law, regulation, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, which by-law, regulation, ordinance or law makes it impossible to repair or reinstate the property as it was immediately prior to the loss;

2.15. Pollution

2.15.1. by any actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants,** nor the cost or expense of any resulting **clean up;**

This exclusion does not apply:

2.15.1.1. if the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants** is directly caused by an insured peril not otherwise excluded in this Form; or

2.15.1.2. to loss or damage caused directly by a resultant insured peril not otherwise excluded in this Form;

2.15.2. cost or expense for any testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants;**

2.16. Data Exclusion:

2.16.1. This Form does not insure **data;**

2.16.2. This Form does not insure loss or damage caused directly or indirectly by a **data problem;**

Paragraph 2.16.2. does not apply to loss or damage caused directly by resultant fire, explosion of natural, coal or manufactured gas, smoke, **leakage from fire protective equipment** or water damage caused by bursting of frozen pipes and tanks;

2.17. Terrorism

in whole or in part, by **terrorism** or by any activity or decision of a government agency or other entity to prevent, respond to or terminate **terrorism;**

This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage.

If any portion of this exclusion is found to be invalid, unenforceable or contrary to statute, the remainder shall remain in full force and effect;

2.18. Fungi and Spores

This Form does not insure:

2.18.1. loss or damage consisting of or caused directly or indirectly, in whole or in part, by any **fungi or spores,** unless such **fungi** or **spores** are directly caused by an insured peril not otherwise excluded by this Form;

2.18.2. the cost or expense for any testing, monitoring, evaluating or assessing of **fungi** or **spores;**

2.19. Wear and Tear, Defects

2.19.1. by wear and tear;

2.19.2. by rust or corrosion;

2.19.3. by gradual deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

This exclusion (2.19.) does not apply to loss or damage caused directly by an insured peril not otherwise excluded in this Form;

2.20. Faulty or Improper Material, Workmanship, Design

the cost of making good:

2.20.1. faulty or improper material;

2.20.2. faulty or improper workmanship;

2.20.3. faulty or improper design;

This exclusion (2.20.) does not apply to loss or damage caused directly by an insured peril not otherwise excluded in this Form;

2.21. Disappearance

2.21.1. by mysterious disappearance;

2.21.2. by shortage of **equipment** or **stock** disclosed on taking inventory;

EXTENSIONS OF COVERAGE

The following extensions of coverage shall not increase the amounts of insurance applying under this Form and are subject to all the conditions of this Form.

1. **REMOVAL**

If any of the insured property is necessarily removed from the **premises** to prevent loss of or damage to or further loss of or damage to such property, that part of the insurance under this Form that exceeds the amount of the Insurer's liability for any loss already incurred shall, for 30 days only, or for the unexpired term of the policy if less than 30 days, insure the property removed and any property remaining at the **premises** in the proportions which the value of the property in each of the locations bears to the value of the property in them all.

2. **DEBRIS REMOVAL**

2.1. Debris Removal:

The Insurer will indemnify the Insured for expenses incurred in the removal from the **premises** of debris of the insured property, occasioned by loss of or damage to such property, for which loss or damage insurance is afforded under this Form.

2.2. Removal of Windstorm Debris:

The Insurer will indemnify the Insured for expenses incurred in the removal of debris or other property which is not insured by this Form but which has been blown by windstorm upon the **premises.**

Extensions of coverage 2.1. and 2.2. do not apply to costs or expenses:

2.3. to **clean up pollutants** from land or water; or

2.4. for testing, monitoring, evaluating or assessing of an actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants.**

Debris removal expense shall not be considered in the calculation of the value as determined in item 5. – Basis of Valuation, for the purpose of applying co-insurance.

3. **PERSONAL PROPERTY OF OFFICERS AND EMPLOYEES**

At the option of the Insured, **equipment** also includes personal property of officers and employees of the Insured. The insurance on such property:

3.1. shall not attach if it is insured by the owner, unless the Insured is obliged to insure it or is liable for its loss or damage.

3.2. shall apply only to loss or damage occurring at the **premises** or at a newly acquired location by the Insured.

4. **BUILDING DAMAGE BY THEFT**

This Form is extended to insure damage (except by fire) to that part of a **building** occupied by the Insured directly resulting from theft or attempted theft and from vandalism or **malicious acts** committed on the same occasion, provided the Insured is not the owner of such **building** and is legally liable for such damage and the **building** is not otherwise insured under this Form.

This Extension of coverage shall be limited to a maximum recovery of $2,500 for any one occurrence.

5. **GROWING PLANTS, TREES, SHRUBS OR FLOWERS OUTSIDE THE BUILDING**

This Form is extended to insure loss of or damage to growing plants, trees, shrubs or flowers outside the **building** caused directly by **Named Perils** (with the exception of windstorm or hail), or from theft or attempted theft.

This Extension of coverage shall be limited to a maximum recovery, including debris removal expense, of $500 for each growing plant, tree, shrub or flower.

6. **NEWLY ACQUIRED LOCATION**

Subject to a limit of $250,000 on **buildings** and $100,000 on **contents,** this insurance shall cover property at any newly acquired location in Canada or the continental United States of America that is owned, rented or controlled by the Insured and occupied by the Insured for the purposes stated in the Declaration Page(s).

This coverage attaches at the time of the acquisition and extends for a period of 30 days, or to the date of endorsement of this Form adding such location, or until the expiry date of this policy, whichever occurs first.

SPECIAL PROVISIONS

1. **DEDUCTIBLE**

The Insurer is liable for the amount by which the loss or damage caused by an insured peril exceeds the amount of the deductible specified in the Declaration Page(s) in any one occurrence.

Should any occurrence give rise to the application of more than one deductible amount for any one **premises,** only the highest deductible will be applied.

2. **CO-INSURANCE**

This clause applies separately to each item for which a co-insurance percentage is specified in the Declaration Page(s) and only where the amount of loss or damage exceeds $50,000.

The Insured shall maintain insurance concurrent with this Form on the insured property to the extent of at least the amount produced by multiplying the value of the property as defined under Item 5. – Basis of Valuation of the SPECIAL PROVISIONS by the co-insurance percentage specified on the Declaration Page(s). If the Insured fails to do so, the Insured shall be entitled to recover only that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

Value of the Property: For the purpose of applying this paragraph 2. Co-insurance, the value of the property is determined by Item 5.– Basis of Valuation of the SPECIAL PROVISIONS. However, if the Declaration Page(s) specifies that this policy is endorsed with a Form that contains a Replacement Cost clause applicable to this Form, then for the purpose of applying this paragraph 2. Co-insurance, the Replacement Cost clause will establish the value of the property to which the Replacement Cost Clause applies, and Item 5.– Basis of Valuation, will be of no force or effect with respect to that valuation.

3. **PROPERTY PROTECTION SYSTEMS**

It is a condition of this insurance that the Insured shall immediately notify the Insurer of any interruption to, or flaw or defect, coming to the knowledge of the Insured, in any:

3.1. sprinkler or other fire extinguishing system; or

3.2. fire detection system; or

3.3. intrusion detection system;

and shall also immediately notify the Insurer of the cancellation or non-renewal of any contract which provides monitoring or maintenance services to any of these systems or of the notification of the suspension of police service in response to any of these systems.

4. **PREMIUM ADJUSTMENT**

This clause is applicable if a specific amount of insurance is shown on the Declaration Page(s) for **stock.**

If, within six (6) months after the expiry or anniversary date of each policy period, the Insured shall file with the Insurer a Premium Adjustment Application Form showing, for the policy period, the value of the **stock** on the last day of each month at each **premises** as commented upon by the Insured's Accountant, the actual premium for the policy period shall then be calculated at the rate applying to each **premises** for the average amount of the total values declared. If the premium paid by the Insured for such **stock** exceeds the actual premium thus calculated, the Insurer shall refund to the Insured any excess paid, subject to a maximum refund of 50% of the premium paid. In the event of any monthly declared values being in excess of the amount of insurance, the amount of the excess shall not be included in the premium adjustment calculations..

5. **BASIS OF VALUATION**

The value of the insured property shall be determined as follows:

5.1. unsold **stock:** the actual cash value of the property at the time and place of loss or damage, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;

5.2. sold **stock:** the selling price after allowance for discounts;

5.3. the property of others in the custody or control of the Insured for the purpose of performing work upon it: the amount for which the Insured is liable, but not exceeding the actual cash value at the time and place of loss or damage plus allowance for labour and materials expended to such time;

5.4. tenant's improvements:

5.4.1. if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended, but not exceeding the actual cash value of the tenant's improvements at the time and place of loss or damage;

5.4.2. if not repaired or replaced with due diligence and dispatch, that portion of the original cost of the lost or damaged tenant's improvements which the unexpired term of the lease at the time of loss or damage bears to the period(s) from the date(s) such tenant's improvements were made to the expiration date of the lease.

5.5. business records, including those which exist on electronic or magnetic media (other than pre-packaged software programs):

5.5.1. the cost of blank materials for reproducing the records; and

5.5.2. the costs of labour to transcribe or copy the records when there is a duplicate.

5.6. all other insured property under this Form and for which no more specific conditions have been set out: the actual cash value at the time and place of loss or damage, but not exceeding what it would then cost to repair or replace with material of like kind and quality.

Actual Cash Value: Various factors shall be considered in the determination of actual cash value. The factors to be considered shall include, but not be limited to, replacement cost less any depreciation and market value. In determining depreciation, consideration shall be given to the condition of the property immediately before the damage, the resale value, the normal life expectancy of the property and obsolescence.

6. **LIBERALISATION CLAUSE**

If, during the policy period, the Insurer introduces any broadening of the coverage for this Form or its replacement, for which no additional premium is charged, then the broadened coverage shall apply to the benefit of the Insured from the introduction date of the broadened coverage.

7. **INFLATION PROTECTION**

7.1. The amount of Insurance shown in the Declaration Page(s) for the Buildings and/or Contents will automatically be increased as determined by the Insurer, based on available inflation data.

7.2. On renewal or anniversary date, the amounts of insurance will be automatically increased accordingly and the premium adjusted.

8. **SPECIAL PROVISIONS APPLICABLE TO CONDOMINIUMS**

8.1. Property Insured

This Form insures the **buildings** and **contents** as described in the Declaration Page(s).

8.2. Additional Exclusions

This Form does not insure loss or damage to:

8.2.1. **buildings** or **contents,** if all **units,** are to the knowledge of the **Condominium Corporation** vacant or unoccupied for more than 30 consecutive days;

8.2.2. property belonging to the owners of individual **units;**

8.2.3. improvements and betterments to individual **units** made or acquired by the owners of such **units;**

8.3. Loss Adjustment

Applicable to Québec policies

Loss adjustment (in accordance with the terms of article 1075 of the Civil Code of Quebec)

The indemnity owing to the syndicate following a substantial loss is, notwithstanding article 2494, paid to the trustee appointed in the constituting act of co-ownership or, where none has been appointed, designated by the syndicate.

Applicable to policies for provinces and territories other than Québec

The **Condominium Corporation** has the exclusive right to adjust any loss with the Insurer, and the owner of a damaged **unit** is bound by such adjustment, provided, however, that the said **Condominium Corporation,** may in writing authorize an owner to adjust any loss to his **unit** with the Insurer.

DEFINITIONS

Wherever used in this Form:

1. **BUILDING** means:

1.1. the building(s) described in the Declaration Page(s) and includes:

1.1.1. fixed structures pertaining to the **building(s)** and located on the **premises.** Such structures include, but are not limited to, antennae and their wiring, fencing, signs, lighting, wind turbines, solar panels and satellite dishes;

1.1.2. additions and extensions communicating and in contact with the **building(s);**

1.1.3. permanent fittings and fixtures attached to and forming part of the **building(s);**

1.1.4. materials, equipment and supplies on the **premises** for maintenance of, and normal repairs and minor alterations to the **building(s)** or for building services.

1.1.5. trees, shrubs and growing plants or flowers inside the **building(s)** used for decorative purposes;

1.1.6. At the option of the Insured, and only for a **building** occupied as rented private residences:

1.1.6.1. landlord's permanent fittings and fixtures, excluding furniture and furnishings in furnished suites or apartments;

1.1.6.2. cooking, cooling, dishwashing, heating and refrigerating apparatus in suites and apartments;

1.1.6.3. electrical and lighting fixtures;

1.1.6.4. awnings, blinds, screen doors, screens and shutters.

1.2. With regards to condominiums, those parts of the common property or common elements and the units as defined in the provincial or territorial legislation or in the registered documents of the **Condominium Corporation.**

2. **CASH CARDS** means cards designed to store a cash value by electronic means as a mode of payment, without a personal identification number and without direct access to a bank or other account.

3. **CLEAN UP** means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of **pollutants,** including testing which is integral to any of these processes.

4. **CONDOMINIUM CORPORATION** means a Corporation constituted under provincial legislation or territorial legislation relating to condominiums or co-ownership by declaration. It refers to a strata corporation in British Columbia and to a syndicate in Quebec.

5. **CONTENTS** means **equipment** and **stock.**

6. **DATA** means representations of information or concepts, in any form.

7. **DATA PROBLEM** means:

7.1. erasure, destruction, corruption, misappropriation, misinterpretation of **data;**

7.2. error in creating, amending, entering, deleting or using **data;** or

7.3. inability to receive, transmit or use **data.**

8. **EQUIPMENT** means:

8.1. generally all contents usual to the Insured's business, including furniture, furnishings, fittings, fixtures, machinery, tools, utensils, signs and appliances, other than **building** or **stock;**

8.2. similar property belonging to others which the Insured is under obligation to keep insured or for which the Insured is legally liable;

8.3. tenant's improvements, which are defined as **building** improvements, alterations and betterments made at the expense of the Insured to a building occupied by the Insured and which are not otherwise insured, provided the Insured is not the owner of such **building.** If the Insured purchased the use interest in tenant's improvements made by a predecessor tenant, this Form applies as though such tenant's improvements had been made at the expense of the Insured

8.4. glass or other equipment for which the Insured has assumed responsibility in a contract for a lease of premises.

9. **FIRE PROTECTIVE EQUIPMENT** includes tanks, **watermains,** hydrants, valves and any other apparatus whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include:

9.1. branch piping from a joint system where such branches are used entirely for purposes other than fire protection;

9.2. any **watermains** or appurtenances located outside of the **premises** and forming a part of the public water distribution system;

9.3. any pond or reservoir in which the water is impounded by a dam.

10. **FUNGI** includes, but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any fungi or spores or resultant mycotoxins, allergens, or pathogens.

11. **LEAKAGE FROM FIRE PROTECTIVE EQUIPMENT** means:

11.1. the leakage or discharge of water or other substances from;

11.2. the collapse of;

11.3. the rupture due to freezing of;

fire protective equipment for the **premises** or for adjoining structures.

12. **MALICIOUS ACTS** means all acts of a malicious nature, except theft or attempted theft.

13. **NAMED PERILS** means:

13.1. fire or lightning;

13.2. explosion;

13.3. impact by aircraft, spacecraft or land vehicle (including articles dropped from them);

13.4. **riot,** vandalism and **malicious acts;**

13.5. smoke;

13.6. **leakage from fire protective equipment;**

13.7. windstorm or hail,

provided such perils are not otherwise excluded in EXCLUSIONS -- Item 2. (Excluded Perils) of this Form.

14. **POLLUTANTS** means any solid, liquid, gaseous or thermal irritant or contaminant, including odour, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

15. **PREMISES** means:

15.1. the entire area within the property lines at the location(s) described in the Declaration Page(s) or at any newly acquired location, including:

15.1.1. areas under adjoining sidewalks and driveways;

15.1.2. in or on vehicles within 100 metres (328 feet) of such property lines described in 15.1.;

15.2. in the open within 305 metres (1000 feet) of such property lines described in 15.1.

16. **PROPERTY OF EVERY DESCRIPTION** means **building, equipment** and **stock.**

17. **RIOT** includes open assemblies of strikers inside or outside the **premises** who have quit work and of locked-out employees.

18. **SPORES** includes, but is not limited to, one or more reproductive particles or microscopic fragments produced by, emitted from or arising out of any **fungi.**

19. **STOCK** means:
    19.1. merchandise of every description usual to the Insured's business;
    19.2. packing, wrapping and advertising materials;
    19.3. similar property belonging to others which the Insured is under obligation to keep insured or for which the Insured is legally liable;
20. **SURFACE WATER** means water or natural precipitation temporarily diffused over the surface of the ground.
21. **TERRORISM** means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.
22. **UNIT** means the unit as defined in the declaration, description or bylaws of the **Condominium Corporation** or provincial or territorial legislation relating to condominiums or divided co-ownership. It refers to a strata lot in British Columbia and to a private portion in Quebec.
23. **WATERMAIN** means piping of a public potable water distribution system exclusively.

PROFITS

1. **INDEMNITY AGREEMENT**

This Form insures, up to the limit specified in the Declaration Page(s), against loss directly resulting from necessary interruption of the Insured's business caused by direct physical loss or direct physical damage by the perils insured against, to building(s), equipment or stock on the "premises" specified in the Declaration Page(s), occurring during the term of the policy.

2. **MEASURE OF RECOVERY**

This Form, subject to the limit of insurance specified in the Declaration Page(s), is limited to the Insured's interest in loss of "gross profit" due to (a) Reduction in Turnover and (b) Increase in Cost of Working and the amount payable shall be:

(a) In respect of Reduction in Turnover:

The sum produced by applying the "rate of gross profit" to the amount by which the "turnover" during the "indemnity period" shall, in consequence of the destruction or damage by a peril insured against, fall short of the "standard turnover";

(b) In respect of Increase in Cost of Working:

The additional expenditure (subject to Special Provisions Clause (b)) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in "turnover" which but for that expenditure would have taken place during the 'indemnity period" shall, in consequence of the destruction or damage by a peril insured against, but not exceeding the sum produced by applying the "rate of gross profit" to the amount of the reduction thereby avoided;

less any sum saved during the "indemnity period" in respect of such of the "insured standing charges" as may cease or be reduced in consequence of the destruction or damage by the perils insured against;

provided that, if the amount of insurance be less than the sum produced by applying the "rate of gross profit" to the "annual turnover", the amount payable shall be proportionately reduced.

3. **SPECIAL PROVISIONS**

(a) If during the "indemnity period" goods shall be sold or services shall be rendered elsewhere than at the "premises" for the benefit of the business either by the Insured or by others on the Insured's behalf the money paid or payable in respect of such sales or service shall be brought into account in arriving at the "turnover" during the "indemnity period".

(b) If any standing charges of the business be not insured by this Form, then in computing the amount recoverable hereunder as "increase in cost of working", that proportion only of the additional expenditure shall be brought into account which the sum of the "net profit" and the "insured standing charges" bears to the sum of the "net profit" and all standing charges.

(c) On the happening of any destruction or damage by a peril insured against in consequence of which a claim is made or may be made under this Form, the Insured shall with due diligence do and concur in doing and permit to be done all things which would be reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss.

4. **SPECIAL EXCLUSION**

The Insurer shall not be liable for loss due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature.

5. **INTERRUPTION BY CIVIL AUTHORITY**

This Form is extended to include the actual loss as insured hereunder during the period of time, not exceeding two weeks, while access to the "premises" described in the Declaration Page(s) is prohibited by order of civil authority, but only when such order is given as a direct result of direct physical loss or direct physical damage to neighbouring premises by a peril insured against under this policy.

6. **PERMISSION**

Permission is hereby granted:

(a) for other insurance concurrent with this Form;

(b) to make additions, alterations or repairs;

(c) to do such work and to keep and use such articles, materials, and supplies in such quantities as are usual or necessary to the business of the Insured.

7. **WAIVER OF TERM OR CONDITION**

No term or condition of this Policy shall be deemed to be waived by the Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this Policy by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this Policy.

8. **PREMIUM ADJUSTMENT**

If within 12 months after the expiration of this Policy the Insured shall file with the Insurer a premium adjustment application form showing:

(a) the total amount of insurance carried under this and all other policies insuring "gross profit" during the annual term of this Policy and that such amount of insurance was not decreased during the said annual term or period; and

(b) that the "gross profit" certified by the Insured's Auditors as earned during the Insured's financial year most nearly concurrent with the annual term of this Policy was less than the total amount of insurance carried thereon

Then the Insurer will allow in respect of its pro rata proportion of the difference a return of premium not exceeding 50% of the premium paid by the Insured under this insurance.

In the event of loss originating within the term of this Policy, the premium for the full term of this insurance on the full amount paid or payable for such loss shall be regarded as earned and no return premium shall be allowed in respect thereof.

The Insurer reserves the right to inspect the Insured's books, records and such policies as relate to this insurance for verification of any statement filed for the purpose of adjusting the premium of this insurance.

9. ADDITIONAL DEFINITIONS

Wherever used in this Form:

Annual Turnover means,

the "turnover" during the twelve (12) months or to a proportionately increased multiple thereof where the maximum "indemnity period" exceeds twelve (12) months, immediately before the date of the destruction or damage by perils insured against.

To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by perils insured against or which would have affected the business had the destruction or damage by perils against not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by perils insured against would have been obtained during the relative period after the destruction or damage by perils insured against.

Gross Profit means,

the sum produced by adding to the "net profit" the amount of the "insured standing charges" or if there is no "net profit" the amount of the "insured standing charges" less such a proportion of any net trading loss as the amount of the "insured standing charges" bears to all standing charges of the business.

Indemnity Period means,

the period beginning with the occurrence of a peril insured against and ending no later than, the period of time (in months) specified in the Declaration Page(s) or if no period of indemnity is stated therein, twelve (12) months thereafter, during which the results of the business shall be affected in consequence of the destruction or damage by a peril insured against except that if media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon are damaged or destroyed by the perils insured against, the length of time for which the Insurer shall be liable under this Form shall not exceed:

(a) thirty (30) consecutive calendar days; or

(b) the length of time that would be required to rebuild, repair or replace such other property insured hereby as has been damaged or destroyed;

whichever is the greater length of time.

Insured Standing Charges means,

all standing charges unless otherwise specified in the Declaration Page(s) in which case only those standing charges so specified are insured.

In no event shall the following be deemed to be standing charges:

(a) depreciation of stock;

(b) bad debts;

(c) wages and salaries other than salaries to permanent staff and wages to foremen and important employees whose services would not be dispensed with should the business be interfered with or interrupted.

Net Profit means,

the net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the "premises" specified in the Declaration Page(s) after due provision has been made for all standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

Premises means,

the entire area within the property lines at the location(s) specified in the Declaration Page(s), including areas under adjoining sidewalks and driveways.

Rate of Gross Profit means,

the "rate of gross profit" earned on the "turnover" during the financial year immediately before the date of the destruction or damage by a peril insured against.

To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by perils insured against or which would have affected the business had the destruction or damage by perils against not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by perils insured against would have been obtained during the relative period after the destruction or damage by perils insured against.

Standard Turnover means,

the "turnover" during that period in the twelve (12) months immediately before the date of the destruction or damage by perils insured against which corresponds with the "indemnity period".

To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by perils insured against or which would have affected the business had the destruction or damage by perils against not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by perils insured against would have been obtained during the relative period after the destruction or damage by perils insured against.

Turnover means,

the money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the "premises" specified in the Declaration Page(s).

CRIME 2.0

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SUMMARY OF COVERAGES

Item	Coverage	Amount of Insurance per occurrence
1.	**Employee Dishonesty**	**$50,000**
2.	**Theft, Robbery or Burglary**	**$25,000**
3.	**Fraud – Limit per Coverage**	
3.1.	Money Orders or Counterfeit Money	**$25,000**
3.2.	Forgery or Alteration	**$25,000**
3.3.	Computer Fraud	**$25,000**
3.4.	Funds Transfer Fraud	**$25,000**
4.	**Expenses – Blanket Limit**	
4.1.	Professional Fees	**$10,000**
4.2.	Theft, Robbery or Burglary Reward	
4.3.	Medical Expenses	
4.4.	Computer Data Restoration Expenses	

Certain words and phrases in bold font have special meaning as defined in the DEFINITIONS Section.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

This Form insures those coverages as specified in the Summary of Coverages Section of this Form.

In the event that more than one coverage as provided under this Form applies to the risk insured, only the coverage with the highest amount of insurance will apply.

Coverage 1. – Employee Dishonesty

1. The Insurer will pay the Insured for the loss of **money, securities** and **other property** which:
   - 1.1. the Insured sustains, directly resulting from one or more **fraudulent or dishonest acts** committed by an **employee,** acting alone or in collusion with others;
   - 1.2. the Insured's **client** sustains, directly resulting from one or more **fraudulent or dishonest acts** committed by an **employee,** acting alone or in collusion with others.
     - 1.2.1. However, in the event of collusion between the Insured's **employee** and the Insured's **client's** employee, there will be no coverage provided to the Insured under this insurance.

Coverage 2. – Theft, Robbery or Burglary

2. The Insurer will pay the Insured for:
   - 2.1. loss of, or damage to, **money** or **securities,** by their actual destruction, disappearance or theft;
   - 2.2. loss of, or damage to, **other property,** by actual or attempted **safe burglary** or **robbery;**

   which the Insured sustains from any of the following locations:
   - a. within the **premises,** bank or similar place of safe deposit;
   - b. while being carried by an armoured motor vehicle company or **messenger;**

     However, the Insurer will only pay for the amount of loss or damage the Insured cannot recover:
     - i. under a contract with the armoured motor vehicle company; and
     - ii. from any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.
   - c. within the living quarters of a **messenger.**
   - 2.3. loss of, or damage to, **other property,** by theft while within the living quarters of a **messenger;**
   - 2.4. damage to the **premises** or its exterior, directly resulting from, an actual or attempted theft, **robbery** or **safe burglary,** or by the unlawful entry or attempted unlawful entry into the **premises,** if the Insured is the owner of the **premises** or is liable for damage to the **premises.**

Coverage 3. – Fraud

- 3.1. **Money Orders or Counterfeit Money**

  The Insurer will pay the Insured for loss sustained by the Insured directly resulting from the Insured's acceptance in good faith:
  - 3.1.1. of a money order, or bank draft, issued or purported to have been issued by a bank, post office or express company, if such money order or bank draft is not paid upon presentation; or
  - 3.1.2. of counterfeit Canadian or United States currency that is acquired during the course of the Insured's business;

  in exchange for merchandise, **money** or services.

3.2. **Forgery or Alteration Coverage**

3.2.1. The Insurer will pay the Insured for loss sustained by the Insured, directly resulting from:

3.2.1.1. **forgery** or alteration of a **financial instrument** by a **third party;**

3.2.1.2. **forgery** or alteration of, on or in any written instrument required in connection with a credit card or automated teller card issued to the Insured or to a partner, officer or **employee** of the Insured or to the Insured's spouse or a child residing permanently in the residence of the Insured; provided, that the Insured fully complies with the provisions, conditions and other terms under which the card was issued, and that the issued card is solely used for the Insured's business;

3.2.1.3. theft of the Insured's automated teller card, provided the Insured fully complies with the provisions, conditions and other terms under which the card was issued, and that the issued automated teller card is solely used for the Insured's business.

If the Insured is sued for refusing to pay for any instrument covered above, on the basis that it has been forged, altered or stolen, and the Insured has the Insurer's written consent to defend against the suit, the Insurer will pay for reasonable legal expenses incurred by the Insured and pay that defence. The amount that the Insurer will pay for such legal expenses and defence costs is in addition to the amount of insurance applicable to this Coverage.

3.3. **Computer Fraud**

The Insurer will pay the Insured for loss of, or damage to, **money, securities** or **other property,** which the Insured or the Insured's **client** sustains and that is caused directly by **computer fraud.**

3.4. **Funds Transfer Fraud**

The Insurer will pay the Insured for loss of **money** or **securities** held in a **transfer account** sustained by the Insured and directly resulting from a **fraudulent instruction** directing a **financial institution** to transfer, pay or deliver such **money** or **securities** from a **transfer account.**

Coverage 4. – Expenses

4.1. **Professional Fees**

The Insurer will pay for necessary and reasonable fees charged by auditors, accountants, lawyers or other professionals retained by the Insured, for the purpose of producing or certifying particulars or details of the Insured's business and that are required by the Insurer in connection with a covered loss or damage and in order to arrive at the loss or damage payable under this Form.

These professional fees exclude any fees and cost of public adjusters, as well as the salary of any officer or **employee** of the Insured.

4.2. **Theft, Robbery or Burglary Reward**

If a theft, **robbery** or **burglary** occurs or is attempted, resulting in a loss or damage covered by this Form, the Insurer will pay for information that leads directly to a criminal conviction in connection with such loss or damage. The Insurer's liability under this coverage shall not be increased by the number of persons who provide information.

4.3. **Medical Expenses**

The Insurer will pay the Insured for expenses related to reasonable medical expenses incurred by a **messenger** who sustains **bodily injury** during and because of a **robbery** or attempted **robbery.**

This Form covers the following expenses:

4.3.1. first aid at the time of **bodily injury** arising from such actual or attempted **robbery;**

4.3.2. necessary medical, surgical, x-ray and dental services, including prosthetic devices;

4.3.3. necessary ambulance, hospital, and professional nursing services;

4.3.4. mental health and counselling services; and

4.3.5. in the event of death resulting from such injury, the funeral expense;

All these expenses must be incurred within twelve (12) consecutive months from the date such injury is sustained, provided:

4.3.6. such expenses are not payable under a governmental medical, dental, surgical or hospitalization plan, or under any other insurance contract;

4.3.7. such expenses are not payable under a workers' compensation, disability or medical benefits or unemployment or employment compensation law or a similar law.

4.4. **Computer Data Restoration Expenses**

The Insurer will pay the Insured for **computer data restoration expenses** incurred by the Insured and resulting directly from a loss or damage covered under Coverages 1. – Employee Dishonesty or 3.3. Computer Fraud.

EXCLUSIONS

This Form does not apply:

1. **INVENTORY COMPUTATION**

Under Coverage 1. – Employee Dishonesty only, to loss or damage, or to that part of any loss or damage, where the proof of its existence or its amount, is dependent upon an inventory computation or a profit and loss computation;

2. **MONEY DEVICES**

Under Coverage 2. – Theft, Robbery or Burglary only, to loss of or damage to **money** contained in any money operated device or machine, unless the amount of **money** deposited within the device or machine is recorded by continuous recording;

3. **GIFT CARDS**

To loss of, or damage to, any gift certificate, gift card or card that has monetary exchange value. However, this exclusion does not apply to the first $1,000 of any loss or damage insured, and is only provided if the Insured fully complies with the provisions, conditions and other terms under which the gift certificate or card was issued;

4. **ACT BY EMPLOYEE**

Under Coverage 2. – Theft, Robbery or Burglary and Coverage 3. – Fraud only, to loss or damage resulting from any fraudulent, dishonest or criminal act by an **employee,** director, trustee or authorized representative of any Insured whether acting alone or in collusion with others. This exclusion does not apply to actual or attempted **safe burglary** or **robbery;**

5. WAR AND INVASION

To loss or damage arising directly or indirectly, in whole or in part, by war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military power. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage;

6. ACCOUNTING

To loss or damage due to accounting or arithmetical errors or omissions;

7. NUCLEAR

To loss or damage caused directly or indirectly:

7.1. By any nuclear incident (as defined in the *Nuclear Liability and Compensation Act,* any other nuclear liability act, law or statute, or any amending law) or nuclear explosion;

7.2. By contamination by radioactive material;

8. CRIMINAL ACTS

To loss or damage due to any fraudulent, dishonest or criminal act by any Insured or partner of the Insured, whether acting alone or in collusion with others;

9. FIRE

To any loss or damage resulting from fire however caused, except loss to **money, securities,** or loss of or damage to a safe or vault;

10. THREAT TO BODILY HARM OR DAMAGES

To loss of, or damage to, **money, securities** or **other property**, after it has been transferred or surrendered to a person or place outside the **premises** as a result of a threat to do:

10.1. Bodily harm to any person; or

10.2. Damage to the **premises** or property owned by the Insured or held by the Insured in any capacity;

These exclusions do not apply to loss of, or damage to, **money, securities** or **other property**, while outside the **premises** and being conveyed by a **messenger.**

11. DEFENSE OF LEGAL ACTION

To the defence of any legal action brought against the Insured; or to fees, costs or expenses incurred by the Insured for any legal action relating to any loss or damage covered by this Form, unless specifically stated elsewhere in this Form;

12. POTENTIAL INCOME

To any potential income, including but not limited to interest and dividends, not realized because of a loss or damage covered under this Form;

13. LEGAL LIABILITY OF INSURED

To all damages of any type for which the Insured is legally liable, except direct compensatory damage arising from a loss or damage covered under this Form;

14. TERRORISM

To any loss or damage caused directly or indirectly, in whole or in part, by **terrorism** or by any activity or decision of a government agency or other entity to prevent, respond to or terminate **terrorism;**

This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage.

If any portion of this exclusion is found to be invalid, unenforceable or contrary to statute, the remainder shall remain in full force and effect;

15. DATA

To loss of or damage to **data,** or loss or damage caused directly or indirectly by a **data problem,** except as provided under Paragraph 4.4. Computer Data Restoration Expenses;

16. SOCIAL ENGINEERING FRAUD

To loss or damage directly or indirectly resulting from **social engineering fraud;**

17. CONFIDENTIAL OR PERSONAL INFORMATION

To loss or damage resulting from:

17.1. the disclosure of the Insured's or any other person's or organization's confidential or personal information including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of non-public information; or

17.2. the use of another person's or organization's confidential or personal information including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or other type of non-public information.

18. GOVERNMENT AUTHORITY

To loss or damage resulting from any seizure or destruction of property by order of any governmental authority.

GENERAL AGREEMENTS

1. CONSOLIDATION, MERGER OR PURCHASE

If the Insured consolidates or merges with, or purchases or acquires the assets of another entity, the coverage provided by this Form shall be extended to such consolidated or merged entity or such purchased or acquired assets, provided the Insured shall give the Insurer written notice thereof within sixty (60) days thereafter and shall pay the Insurer an additional premium computed pro rata from the date of such consolidation, merger or purchase to the end of the current **policy period.**

2. JOINT INSURED

If more than one Insured is covered under this Form, the Insured first named shall act for itself and for every other Insured for all purposes of this Form.

Knowledge possessed, or discovery made by any Insured or by any partner or officer shall, for the purposes of General Agreements 11. PRIOR FRAUD, DISHONESTY OR CANCELLATION, 12. LOSS–NOTICE–PROOF–ACTION AGAINST INSURER and 18. CANCELLATION AS TO ANY EMPLOYEE, constitute knowledge possessed or discovery made by every Insured. Cancellation of the insurance as respects any **employee** as provided in General Agreement 18. below shall apply to every Insured.

If, prior to the cancellation or termination of this policy, this policy or any Coverage hereof is cancelled or terminated as to any Insured, there shall be no liability for any loss or damage sustained by such Insured unless discovered within one year from the date of such cancellation or termination.

Payment by the Insurer to the Insured first named of any loss or damage under this Form shall fully release the Insurer on account of such loss.

If the Insured first named ceases for any reason to be covered under this Form, then the Insured next named shall thereafter be considered as the Insured first named for all purposes of this Form.

3. TERRITORY

This Form insures acts committed or events occurring:

3.1. With respect to Coverage 1. – Employee Dishonesty:

3.1.1. within Canada and the United States of America (including their territories and possessions);

3.1.2. anywhere in the world, for loss or damage caused by any **employee** temporarily outside of the territory specified in 3.1.1. above, for a period not exceeding ninety (90) days;

3.2. With respect to Coverages 2. – Theft, Robbery or Burglary, 3.1. Money Orders or Counterfeit Money, 3.3. Computer Fraud, and 3.4. Funds Transfer Fraud, within Canada and the United States of America (including their territories and possessions);

3.3. With respect to Coverage 3.2. Forgery or Alteration, anywhere in the world.

4. LOSS COVERED UNDER THIS POLICY AND PRIOR INSURANCE ISSUED BY THE INSURER

With respect to loss or damage which occurs:

4.1. partly during the **policy period**; and

4.2. partly during the period of other bonds or policies issued by the Insurer to the Insured or to any predecessor in interest of the Insured and terminated or cancelled or allowed to expire and in which the period for discovery has not expired at the time any such loss or damage is discovered;

The most the Insurer will pay is the larger of the amount recoverable under this Form or the prior insurance.

5. LOSS COVERED UNDER PRIOR INSURANCE

5.1. If the Insured or any predecessor in interest sustained a loss or damage during the period of any prior insurance that the Insured or such predecessor would have recovered under that insurance except that the time within which to discover the loss or damage had expired, the Insurer will pay for it under this Form, provided:

5.1.1. the loss or damage is first discovered during the current **policy period**;

5.1.2. the loss or damage would have been recoverable under the immediately preceding insurance, which prior policy is terminated, cancelled or allowed to expire as of the time of such substitution; and

5.1.3. the loss or damage would have been covered by this Form had this Form been in effect when the loss or damage occurred.

5.2. The coverage under this General Agreement 5. is part of, and not in addition to, the amount of insurance applying under this Form and is limited to the lesser of the amount recoverable under:

5.2.1. this Form as of the date such loss or damage was first discovered;

5.2.2. this Form as of the date it was substituted for the prior insurance; or

5.2.3. the prior insurance had it remained in effect.

6. LOSS OR DAMAGE SUSTAINED

Subject to General Agreement 5. LOSS COVERED UNDER PRIOR INSURANCE above, this Form applies only to acts committed or events which occurs during the **policy period** shown on the Declaration Page(s), and which are discovered by the Insured during the **policy period**, or during the period of time described under General Agreement 7. EXTENDED PERIOD TO DISCOVER LOSS below.

7. EXTENDED PERIOD TO DISCOVER LOSS

If, prior to the cancellation or termination of this policy, this policy or any Coverage is cancelled or terminated as to any Insured, there shall be no liability for any loss or damage sustained by such Insured unless discovered within one year from the date of such cancellation or termination.

8. LOSS CAUSED BY UNIDENTIFIABLE EMPLOYEES

If a loss or damage is alleged to have been caused by the **fraudulent or dishonest acts** of any **employee(s)** and the Insured is unable to identify the specific **employee(s)** causing such loss or damage, the Insured will have the benefit of Coverage 1. – Employee Dishonesty, subject to the provisions of the Exclusions to this policy, provided that the evidence submitted reasonably proves that the loss or damage was in fact due to the **fraudulent or dishonest acts** of **employee(s)**, and that the total liability of the Insurer will not exceed the amount of insurance applicable to Coverage 1. – Employee Dishonesty.

9. OWNERSHIP OF PROPERTY; INTERESTS COVERED

9.1. Insured's Property

The property covered under this Form is limited to property that the Insured owns or leases, that is held by the Insured in any capacity or for which the Insured is legally liable, provided the Insured was liable for the property prior to the time the loss or damage was sustained.

9.2. Client's Property

Solely with respect to the **client** coverage, the property covered under this Form is limited to property that the **client** owns or leases, that is held by the **client** in any capacity or for which the **client** is legally liable, provided the **client** was liable for the property prior to the time the loss or damage was sustained.

However, this insurance is for the Insured's benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss or damage that is covered under this Form must be presented by the Insured.

10. RECORDS

The Insured must keep records of all property insured under this Form in such manner from which the Insurer can accurately verify the amount of loss or damage.

11. PRIOR FRAUD, DISHONESTY OR CANCELLATION

Coverage 1. – Employee Dishonesty will not apply to any **employee** from the time that the Insured, any partner of the Insured or officer not in collusion with the **employee**, has knowledge or information that the **employee** has committed any **fraudulent or dishonest act**, whether the act was committed before or after the date of employment by the Insured.

If, prior to the issuance of this Form, any fidelity insurance in favour of the Insured or any predecessor in interest of the Insured and covering one or more of the Insured's **employee(s)** has been cancelled for any of such **employee(s)** by written notice of cancellation by that Insurer, and, if the **employee(s)** has not been reinstated under the coverage of that fidelity insurance or superseding fidelity insurance, the Insurer will not be liable on account of such **employee(s)** unless the Insurer has agreed in writing to include such **employee(s)** within Coverage 1. – Employee Dishonesty.

12. LOSS – NOTICE – PROOF – ACTION AGAINST INSURER

Upon knowledge or discovery of loss or damage or of an **occurrence** which may give rise to a claim for loss or damage, the Insured shall:

12.1. give notice thereof as soon as practicable to the Insurer or any of its authorized agents and, except under Coverages 1. – Employee Dishonesty and 3.2. Forgery or Alteration, also to the police if the loss or damage is due to a violation of law;

12.2. file detailed proof of loss or damage, duly sworn to, with the Insurer within four months after the discovery of loss or damage.

Proof of loss or damage shall include any document verifying the loss or damage which is the basis of claim for such loss or damage, or if it shall be impossible to file such document, the affidavit of the Insured or the Insured's bank of deposit setting forth the amount and cause of loss or damage shall be accepted in lieu thereof.

At the Insurer's request, the Insured must submit to examination, under oath if required, by the Insurer, all at reasonable times and places as the Insurer will designate. The Insured will cooperate with the Insurer in all matters pertaining to loss, damage or claims.

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this policy, nor until 90 days after the required proofs of loss or damage have been filed with the Insurer, nor at all unless commenced within two years from the date when the Insured discovered the loss or damage, except in Québec, where such commencement begins within three (3) years of the discovery of such loss or damage.

If any limitation of time for notice of loss or damage or any legal proceeding herein contained is shorter than that permitted to be fixed by agreement under any statute controlling the construction of this policy, the shortest permissible statutory limitation of time shall govern and shall supersede the time limitation herein stated.

13. BASIS OF VALUATION – PAYMENT – REPLACEMENT

The value of the insured property shall be determined as follows:

13.1. Loss of money:

The Insurer will pay for loss of or damage to **money**, but only up to its face value. The Insurer may, at its option, pay for loss of or damage to **money** issued by any country other than Canada:

13.1.1. at face value in the **money** issued by that country; or

13.1.2. in the Canadian dollar equivalent determined by the rate of exchange on the day the loss or damage was first discovered.

13.2. Loss of Securities

The Insurer will pay for loss of or damage to **securities**, but only for the market value of such **securities** at the close of business on the business day immediately preceding the day on which the loss was discovered.

13.3. Loss of or Damage to Other Property or Damage to Premises

In case of loss of or damage to **other property** or damage the **premises**, the Insurer shall not be liable for more than:

13.3.1. the actual cash value of such property; or

13.3.2. the actual cost of repairing such property or of replacing same with property or material of like quality and value.

The Insurer may, at its election, pay such actual cash value, or make such repairs or replacements. If the Insurer and the Insured cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.

14. RECOVERIES

Any recoveries, less the cost of effecting such recoveries, made after settlement of a loss or damage covered under this Form, shall be distributed as follows:

14.1. First, to the Insured in satisfaction of its covered loss or damage in excess of the applicable amount of insurance and any applicable deductible amount;

14.2. Second, to the Insurer in satisfaction of the amounts paid to an Insured for a covered loss or damage;

14.3. Third, to an Insured in satisfaction of any deductible amount applicable to such loss or damage.

Recoveries do not include any amounts recovered from insurance, suretyship, reinsurance, security or indemnity taken for the Insurer's benefit.

15. AMOUNT OF INSURANCE

The Insurer's total liability for all loss or damage resulting directly from an **occurrence** is the applicable amount of insurance shown in the Declaration Page(s) under each Coverage Section.

The maximum liability of the Insurer for loss or damage sustained will not exceed the amount of insurance as shown on the Declaration Page(s), regardless of the number of Insureds sustaining the loss.

Regardless of the number of years this policy continues in force and the number of premiums payable or paid, the limit of the Insurer's liability as specified on the Declaration Page(s) are not cumulative from **policy period** to **policy period.**

16. OTHER INSURANCE

16.1. Insurance Issued by The Insurer or Any Subsidiary

Coverage provided under this Form may also be provided elsewhere by other coverages issued by the Insurer or a subsidiary of the parent of the Insurer to the Insured. In the event of any such coverage duplication or overlap, the limits afforded under the different coverages only and issued by the Insurer or a subsidiary of the parent of the Insurer to the Insured shall be cumulative, and this, notwithstanding any other provision to the contrary contained elsewhere within this policy or in any other policy issued by the Insurer or a subsidiary of the parent of the Insurer to the Insured.

In the event such loss or damage would also be afforded or invoked under any other valid or collectible insurance maintained by the Insured, except an insurance policy issued by the Insurer or a subsidiary of the parent of the Insurer, the provisions of clause 16.2. below will prevail.

16.2. Insurance Issued by Another Insurer

Under any other Coverage provided by this Form, if there is any other valid and collectible insurance (except for an insurance policy issued by the Insurer or a subsidiary of the parent of the Insurer as described under Paragraph 16.1. above), which would apply in the absence of such Coverage, the insurance under this policy shall apply only as excess insurance over such other insurance, except in the province of Québec where each of the Insurers under its respective contract is liable to the Insured for its rateable proportion of the loss or damage.

17. SUBROGATION

In the event of any payment under this policy, the Insurer shall be subrogated to all the Insured's rights of recovery therefore against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss or damage to prejudice such rights.

18. CANCELLATION AS TO ANY EMPLOYEE

Coverage 1. – Employee Dishonesty, shall be deemed cancelled as to any **employee:**

18.1. Immediately upon discovery by the Insured, or by any partner or officer thereof not in collusion with such **employee,** of any **fraudulent or dishonest act** on the part of such **employee;** or

18.2. Except in the province of Quebec, at 12:01 a.m. standard time as per the terms mentioned above, upon the effective date specified in a written notice mailed to the Insured.

Such date shall be not less than fifteen days after the date of mailing. The mailing by the Insurer of this notice to the Insured at the address shown in the Declaration Page(s) shall be sufficient proof of notice. Delivery of such written notice by the Insurer shall be equivalent to mailing. In the province of Quebec, cancellation shall be made by endorsement only.

19. NO BENEFIT TO BAILEE

This General Agreement applies only to Coverage 2. – Theft, Robbery or Burglary.

The insurance afforded by this Form shall not inure directly or indirectly to the benefit of any carrier or other bailee for hire.

20. DEDUCTIBLE

The Insurer will not pay for loss or damage directly resulting from an **occurrence,** unless the amount of loss or damage exceeds any deductible amount shown on the Declaration Page(s). The Insurer will then pay the amount of loss in excess of the deductible amount, up to the applicable amount of insurance.

DEFINITIONS

Wherever used in this Form:

1. **Bodily injury** means bodily or mental injury, disability or shock sustained by a person, including death.
2. **Client** means a customer of the Insured to whom such Insured provides goods or services pursuant to a written contract or for a fee.
3. **Computer data restoration expenses** means reasonable expenses, other than the Insured's internal corporate costs, fees, wages and salary, incurred by the Insured, with the Insurer's prior written consent, to reproduce or duplicate damaged or destroyed **data** that was stored in the Insured's **computer system** and was damaged or destroyed directly as a result of a loss covered under Coverage 1. – Employee Dishonesty or 3.3. Computer Fraud. Such damaged or destroyed **data** shall be reproduced or duplicated from other **data** available to the Insured.

   However, if such damaged or destroyed **data** cannot be reproduced or duplicated from other **data,** then **computer data restoration expenses** means reasonable costs, other than the Insured's internal corporate costs, fees, wages and salary, incurred by the Insured for computer programmers or technology consultants to restore such damaged or destroyed **data** to substantially the same level existing immediately before the covered loss. **Computer data restoration expenses** shall not include any expenses incurred by a **client.**
4. **Computer fraud** means the unlawful taking of **money, securities** or **other property** resulting from:
   4.1. The unauthorized entry of **data** or computer instructions directly into; or
   4.2. The unauthorized change of **data** or computer instructions within;

   a **computer system,** including any such entry or change made via the Internet, by a natural person or entity, other than an **employee** or any individual under the direct supervision of the Insured.

   Computer fraud does not include **social engineering fraud.**
5. **Computer system** means any computer or network of computers, including its input, output, processing, storage and communication facilities, operating system or application software, that is rented by, owned by, leased by, licensed to, or under the direct operational control of, the Insured.
6. **Data** means representations of information or concepts, in any form stored in a **computer system.**
7. **Data problem** means:
   7.1. Erasure, destruction, corruption, misappropriation, misinterpretation of **data;**
   7.2. Error in creating, amending, entering, deleting or using **data;** or
   7.3. Inability to receive, transmit or use **data.**
8. **Employee** means:
   8.1. Any natural person:
      8.1.1. While in the Insured's service and for the first thirty (30) days immediately after termination of service, unless such termination is due to any **fraudulent or dishonest acts** committed by such natural person;
      8.1.2. Who the Insured compensates directly by salary, wages or commissions; and
      8.1.3. Who the Insured has the right to direct and control while performing services for the Insured;
   8.2. Any natural person who is furnished temporarily to the Insured:
      8.2.1. To substitute for a permanent **employee,** as defined in Paragraph 8.1. who is on leave; or
      8.2.2. To meet seasonal or short-term workload conditions;

      Who the Insured compensates directly by salary, wages or commissions and while that person is subject to the Insured's direction and control and performing services for the Insured;
   8.3. Any natural person whose services are leased to the Insured under a written agreement between the Insured and a labor leasing firm, to perform duties related to the conduct of the Insured's business, but excluding any temporary **employee** defined in Paragraph 8.2. above; or
   8.4. Any natural person who is a former **employee** retained by the Insured as a consultant while performing services for the Insured;

   Employee does not mean:
   8.5. Any volunteer, agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in this Paragraph 8. Above;
   8.6. Any director or trustee, except while performing acts coming within the scope of the usual duties of an **employee.**
9. **Financial institution** means:
   9.1. A bank, trust company, savings bank, credit union, savings and loan association, or similar banking institution; or
   9.2. A stock brokerage firm, mutual fund, liquid assets fund, or similar investment institution.
10. **Financial instrument** means any cheque, draft, promissory note, or similar written promise, order or direction to pay a sum certain in **money** that is made, drawn by or drawn upon the Insured or made or drawn by anyone acting as the Insured's agent, or that is purported to have been so made or drawn.
11. **Forgery** means the signing of the name of another person or entity with intent to deceive. **Forgery** does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose. Facsimile, mechanical or electronically produced or reproduced signatures shall be treated the same as original signatures.
12. **Fraudulent instruction** means:
   12.1. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction which purports to have been transmitted by the Insured, but which was, in fact, fraudulently transmitted by another party without the Insured's knowledge or consent;
   12.2. A written instruction issued by the Insured, which was forged or altered by another party without the Insured's knowledge or consent, or which purports to have been issued by the Insured, but which was, in fact, fraudulently issued without the Insured's knowledge or consent; provided, that this Paragraph 12.2. does not include any **forgery** covered under Paragraph 3.2. Forgery or Alteration.
13. **Fraudulent or dishonest acts** means only fraudulent or dishonest acts committed by an **employee** with the manifest intent:
   13.1. To cause the Insured to sustain such loss or damage; and
   13.2. To cause the Insured's **client** to sustain such loss or damage, solely for the purposes of the coverage afforded under Paragraph 1.2. of Coverage 1. – Employee Dishonesty; and
   13.3. To obtain financial benefit for the **employee,** or for any other person or organization intended by the **employee** to receive such benefit, but does not mean benefits earned in the normal course of employment.

14. **Messenger** means the Insured or a partner of the Insured or any **employee** who is duly authorized by the Insured to have the care and custody of the property insured under this Form located outside or within the **premises. Messenger** does not include any person acting as a watchman, porter or janitor.
15. **Money** means:
    15.1. Currency, coins, bank notes and bullion; and
    15.2. Travellers' cheques, registered cheques and money orders, held for sale to the public.

    Money does not include **virtual currency.**
16. **Occurrence** means:
    16.1. As with respect to Coverage 1. – Employee Dishonesty, all loss or damage caused by, or involving, one or more **employees,** whether the result of a single act or series of acts;
    16.2. As with respect to Coverage 3.2. Forgery or Alteration, all loss caused by any person or in which that person is involved, whether the loss or damage involves one or more instruments;
    16.3. As respects all other Coverages:
        16.3.1. An act or event, or series of related acts or events, involving one or more persons; or
        16.3.2. An act or event, or a series of related acts or events, not involving any person.
17. **Other property** means any tangible property, other than **money** and **securities,** that has an intrinsic value.

    Other Property does not include:
    17.1. Intangible property such as computer programs or electronic data;
    17.2. Any Insured's or another entity's or person's confidential or personal information;
    17.3. Any property excluded under this Form; or
    17.4. **Virtual currency.**
18. **Policy period** means each consecutive period of twelve (12) months included in the policy period shown on the Declaration Page(s). The first twelve-month period starts on the inception date of the policy and the subsequent period starts at the expiry of the first twelve-month period.
19. **Premises** means:
    19.1. The interior of that portion of any building; or
    19.2. Any temporary booth or similar location;

    Which is occupied by the Insured in conducting its business.

    For **robbery** only, the **premises** also include the space immediately surrounding such **premises.**
20. **Robbery** means the unlawful taking of property from the care and custody of a person by someone who has:
    20.1. Caused or threatened to cause that person bodily harm; or
    20.2. Committed an overt unlawful act witnessed by that person and of which that person was actually cognizant.
21. **Safe burglary** means the unlawful taking of property from within a locked safe or vault by forcible or violent entry, as evidenced by visible marks upon its exterior, or the unlawful taking of a safe or vault from within the **premises.**
22. **Securities** means all negotiable and non-negotiable instruments or contracts representing either **money** or **other property** and includes revenue and other stamps in current use, tokens and tickets. **Securities** does not include **money** or **virtual currency.**
23. **Social engineering fraud** means the intentional misleading of an **employee** or the Insured (if the Insured named in the Declaration Page(s) is a natural person who is a sole proprietor), through the use of an instruction received by the **employee** or the Insured that:
    23.1. Causes such **employee** or such Insured to transfer, pay, or deliver **money, securities** or **other property;**
    23.2. Contains a misrepresentation of a material fact; and
    23.3. is relied upon by such **employee** or such Insured, believing the material fact to be true.
24. **Terrorism** means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.
25. **Third party** means a natural person, other than:
    25.1. An **employee;** or
    25.2. A natural person acting in collusion with an **employee.**
26. **Transfer account** means an account maintained by the Insured at a **financial institution** from which the Insured can initiate the transfer, payment or delivery of **money** or **securities** by means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system, or by means of written instructions establishing the conditions under which such transfers are to be initiated by such **financial institution** through an electronic funds transfer system.
27. **Virtual currency** means a digital or electronic medium of exchange that is used and accepted as a means of payment, but that is not issued by, or guaranteed by, a central bank, government or public authority.

PROPERTY COVERAGE

EARTHQUAKE SHOCK ENDORSEMENT

This endorsement changes the policy. Please read it carefully.

Certain words and phrases in bold font have special meaning as defined below or in the form to which this endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this form; these titles have only been inserted for ease of reading.

This endorsement applies to the Property Coverage of the policy and is subject to the terms, conditions, limitations and exclusions that are applicable to the Property Insurance Form to which this endorsement is attached.

This endorsement applies separately to each location for which Earthquake Shock is specified in the Declaration Page(s).

1. **INSURED PERIL**

   This insurance is extended to include **earthquake.**

2. **DEDUCTIBLE**

   The insurer is liable for the amount by which the loss or damage caused by **earthquake** exceeds the amount of the deductible specified on the Declaration Page(s) for this endorsement in any **earthquake occurrence.**

   If a percentage deductible is specified, the amount of the deductible shall be that percentage of the amount of insurance for each item of insured property separately, as each such item is specified on the Declaration Page(s) or on a statement of values. If any such item shall insure two or more **buildings** and/or **contents,** this percentage deductible clause shall be applied separately to each **building** and/or **contents.**

   If both a dollar amount deductible and a percentage deductible are specified on the Declaration Page(s), whichever deductible is greater shall apply. The dollar amount deductible shall apply separately to each **building** and/or **contents,** unless they are located on the same **premises.**

   In the case only of Builders Risk insurance, the amount of the deductible shall be that percentage of total insured values existing at the time of an **earthquake occurrence.**

   This deductible clause supersedes the provisions of any other deductible clause stated elsewhere in the policy.

3. **EXCLUSIONS**

   This endorsement does not cover loss or damage caused directly or indirectly by any of the following perils, whether or not caused by or attributable to **earthquake:**

   3.1. fire, explosion, or smoke;

   3.2. **leakage from fire protective equipment;**

   3.3. theft, vandalism, or **malicious acts;**

   3.4. flood, including **surface water,** waves, tides, tidal waves, tsunamis, or the breaking out or overflow of any natural or artificial body of water, waterborne objects or ice.

4. **EXTENSION OF COVERAGE**

   The Insurer shall be liable for loss of or damage to the insured property caused by wind, **hail,** rain or snow entering a building through an opening in the roof or walls directly resulting from **earthquake.**

5. **DEFINITIONS**

   5.1. **Earthquake** includes snowslide, landslide, or other earth movements occurring concurrently with and directly resulting from an earthquake shock.

   5.2. **Earthquake occurrence** means all earthquake shocks which occur within 168 consecutive hours, commencing during the policy period on or after the effective date of this endorsement. The expiration of this policy will not reduce the 168 hour period.

   5.3. **Surface water** means water or natural precipitation temporarily diffused over the surface of the ground.

All other terms and conditions of the policy to which this endorsement applies remain unchanged.

PROPERTY COVERAGE

FLOOD ENDORSEMENT

This endorsement changes the policy. Please read it carefully.

Certain words and phrases in bold have special meaning as defined below or in the form to which this endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this form; these titles have only been inserted for ease of reading.

This endorsement applies to the Property Coverage of the policy and is subject to the terms, conditions, limitations and exclusions that are applicable to the Property Insurance Form to which this endorsement is attached.

This endorsement applies separately to each location for which Flood is specified on the Declaration Page(s).

1. **INSURED PERIL**

   This insurance is extended to include **flood.**

2. **DEDUCTIBLE**

   The Insurer is liable for the amount by which the loss or damage caused by **flood** exceeds the amount of the deductible specified on the Declaration Page(s) for this endorsement in any one **flood occurrence.**

   This Deductible Clause applies separately to each **premises** or **project site** to which this endorsement applies.

3. **EXCLUSIONS**

   This endorsement does not cover loss or damage caused directly or indirectly by any of the following perils, whether or not caused by or attributable to **flood:**

   3.1. the backing up or overflow, within the area bounded by the bearing walls and foundations of the building described on the Declaration Page(s), of water from within sewers, sumps, septic tanks or drains;

   3.2. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or other openings in such sidewalks, driveways, foundations, walls or floors;

   3.3. fire, explosion, smoke, **leakage from fire protective equipment,** theft, **riot,** vandalism or **malicious acts;**

   3.4. leakage from a **water main.**

4. **EXTENSION OF COVERAGE**

   The Insurer shall be liable for loss of or damage to the insured property caused by wind, hail, rain or snow entering a building through an opening in the roof or walls directly resulting from **flood.**

5. **DEFINITIONS**

   5.1. **Flood** means the breaking out or overflow of any natural or artificial body of water and includes **surface water,** waves, tides, tidal waves and tsunamis.

   5.2. **Flood occurrence** means all flooding which occurs within any 168 consecutive hours commencing during the policy period on or after the effective date of this endorsement. The expiration of this policy will not reduce the 168 hour period.

   5.3. **Surface water** means water or natural precipitation temporarily diffused over the surface of the ground.

All other terms and conditions of the Policy to which this endorsement applies remain unchanged.

ORDINARY PAYROLL PROFITS FORM (90 DAYS)

This endorsement insures in the amount specified on the "Declarations Page(s)" the Insured's entire ordinary payroll expense for a period of time not in excess of 90 consecutive days immediately following the date of loss, which may continue during a total or partial suspension of business, covering only to the extent necessary to resume the normal business of the Insured with the same quality of service which existed immediately preceding the destruction or damage by a peril insured against, and which would have been earned had no destruction or damage by a peril insured against occurred.

This endorsement does not insure any portion of salaries described under "Insured Standing Charges".

CO-INSURANCE CLAUSE

In the event of loss hereunder, the Insurer shall not be liable for a greater proportion thereof than the amount insured hereby bears to 80% of the Insured's entire ordinary payroll expense, excluding only salaries described under "Insured Standing Charges", that would have been earned (had no loss occurred) during the 90 consecutive days immediately following the date of damage to or destruction of property insured.

Except as otherwise provided in this endorsement all terms and conditions of this policy shall remain unchanged.

PROPERTY COVERAGE

SEWER BACK UP ENDORSEMENT

This endorsement changes the policy. Please read it carefully.

Certain words and phrases in bold have special meaning as defined below or in the form to which this endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this form; these titles have only been inserted for ease of reading.

This endorsement applies to the Property Coverage of the policy and is subject to the terms, conditions, limitations and exclusions that are applicable to the Property Insurance Form to which this endorsement is attached.

This endorsement applies separately to each location for which Sewer Back Up is specified on the Declaration Page(s).

1. **INSURED PERIL**

   This insurance is extended to include **sewer back up.**

2. **DEDUCTIBLE**

   The Insurer is liable for the amount by which the loss or damage caused by **sewer back up** exceeds the amount of the deductible specified on the Declaration Page(s) for this endorsement in any occurrence.

   This Deductible Clause applies separately to each **premises** to which this endorsement applies.

3. **LIMIT OF INSURANCE**

   If an amount of insurance is specified on the Declaration Page(s) for this endorsement, the Insurer shall not be liable for more than that amount.

4. **DEFINITION**

   Sewer back up means the backing up or overflow, within the area bounded by the bearing walls and foundations of the building described on the Declaration Page(s), of water from within sewers, sumps, septic tanks or drains.

All other terms and conditions of the policy to which this endorsement applies remain unchanged.

LEGAL GUARD ® INFORMATION SERVICE

Legal Guard provides the following services:

- 24/7 telephone access to a legal information service for questions you have relating to your business.
- Unlimited access - use the service as often as you want.
- Legal information will be provided by qualified lawyers in response to your questions.
- If you need full legal representation or advice, referral to a local lawyer can be arranged at preferred rates.

How to Obtain Service

Call the toll-free Legal Guard number 1-855-365-LEGAL (1-855-365-5342) and you will be contacted by a qualified lawyer. When you call, please be prepared to provide:

- Your policy number;
- Your first and last name;
- Your business title and company name the policy is under;
- The phone number where you can be reached.

Legal Guard is a confidential service that applies to Canadian legal issues only. Legal information services are provided by an independent third party. The service provider does not disclose to us any details of your call.

Conditions and Limitations

- Only officers of the company named on the policy may contact Legal Guard.
- Legal information cannot be provided regarding personal matters, criminal law or questions relating to a business other than that shown on the policy this form is attached to.
- The legal information provided does not constitute legal advice. If you require legal advice, please consult a lawyer. You can be referred to a qualified lawyer through Legal Guard.
- Intact Insurance Company assumes no responsibility for the cost or consequences of any action you take after receiving legal information and reserves the right to change this offer and/or services at any time.
- Legal Guard is an information service only. It does not provide coverage or reimbursement for any legal fees incurred.

® Legal Guard is a registered trademark of Intact Insurance Company.

PRIVACY BREACH EXPENSE ENDORSEMENT

INSURING AGREEMENT A – PRIVACY BREACH EXPENSES and INSURING AGREEMENT B – BUSINESS INTERRUPTION

This Endorsement changes the policy. Please read it carefully.

Certain words and phrases in bold font have special meaning as defined in the DEFINITIONS section.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Endorsement. These titles have only been inserted for ease of reading.

This Endorsement applies to all locations insured under the property section of the policy and is subject to the terms, conditions, limitations and exclusions that are applicable to the commercial property insurance form to which this Endorsement is attached.

Coverage as extended by each Insuring Agreement of this Endorsement may also be provided elsewhere in the policy or by another policy issued to the **Named Insured** by the Insurer. In the event of any such coverage duplication or overlap, only the coverage as extended by this Endorsement will apply.

This Endorsement applies regardless of anything contained to the contrary in a policy Data or War Exclusion. Except to the extent of coverage under this Endorsement, the terms of such Data or War Exclusion remain in full force and effect.

Amounts of Insurance:

The amounts of insurance for coverage as extended by this Endorsement under Insuring Agreements A and B are specified in the Declaration Page(s).

The maximum amount of insurance under this Endorsement during any one policy period shall not exceed in the aggregate, the amounts of insurance specified in the Declaration Page(s) for this Endorsement, regardless of the number of occurrences or claims, the number of breaches or the number of **Named Insureds.**

Multiple claims that arise from the same **privacy breach** will be regarded as one claim provided that occurrences giving rise to such multiple claims are discovered at the same time. An occurrence(s) giving rise to a claim and discovered at a later time within the policy period of this Endorsement, whether arising from the same cause or not, will be considered a separate claim.

Deductible – Insuring Agreement A:

Each claim shall be adjusted separately and the deductible amount shown in the Declaration Page(s) shall be deducted from the amount of each such adjusted claim.

Waiting Period Deductible – Insuring Agreement B: The twenty-four (24) hour waiting period specified for **business interruption loss** (if any such insured loss occurs) shall apply with respect to each claim. Each such claim for **business interruption loss** shall be adjusted separately.

Coverage under the following Insuring Agreements applies to **remediation expenses** and **business interruption loss,** due to **privacy breach** that:

1. first takes place, or is first activated, during the policy period of this Endorsement; and
2. is discovered by the **Named Insured** or by an employee or volunteer worker of the **Named Insured,** during the policy period of this Endorsement.

INSURING AGREEMENT A – PRIVACY BREACH EXPENSES COVERAGE

The Insurer will reimburse the **Named Insured** for **remediation expenses** that are incurred by the **Named Insured** in relation to the **Named Insured's** business activities. The amount of coverage for such expenses is included within (and is not in addition to) the Amount of Insurance that is specified in the Declaration Page(s).

INSURING AGREEMENT B – BUSINESS INTERRUPTION COVERAGE

1. Coverage under this Endorsement applies, subject to Additional Condition B, to **business interruption loss** that is:
   1.1. related directly to and caused by a **privacy breach** to which coverage under Insuring Agreement A applies; and
   1.2. incurred no sooner than twenty-four (24) consecutive hours after such a **privacy breach** is first discovered.
2. Business interruption coverage includes, without increasing the amount of Insurance for Insuring Agreement B, necessary extra expenses (excluding **remediation expenses** other than **computer forensic services**) for which the Insurer shall reimburse the **Named Insured** and that are required for the reduction of actual loss of net income when such extra expenses:
   2.1. are in excess of the **Named Insured's** normal operating expenses; and
   2.2. would not have been required had no **privacy breach** occurred; and
   2.3. are not otherwise excluded under this Endorsement.
3. The Insurer's liability for such necessary extra expenses shall not exceed the amount of said reduction. Such necessary extra expenses are not subject to the waiting period deductible that is specified above for Insuring Agreement B provided that such actual loss sustained of net income exceeds the specified twenty-four (24) hour waiting period.
4. The duration of coverage for **business interruption loss** ends at the earliest of the following times:
   4.1. after sixty (60) consecutive days beginning on the day that a **privacy breach** to which coverage under Insuring Agreement A applies is first discovered; or
   4.2. at the time that the **Named Insured's** declared business operations are returned to the same state or the same level of operation that existed immediately before the **privacy breach.**
5. The **Named Insured** shall with due diligence do, and shall agree to do and give permission to do all things that are reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss.

EXCLUSIONS (applicable to Insuring Agreements A and B unless otherwise specified)

Insurance granted by this Endorsement shall not apply to:

1. **Prior Knowledge**

   Expenses or other loss arising from any fact or circumstance known to the **Named Insured** or to any Insured (or about which the **Named Insured** or any Insured should reasonably have known) prior to the effective date of this Endorsement.

2. **Employees' Own Computers**

   Expenses or other loss arising from unauthorized use of, unauthorized access to, loss of or damage to **data** or information on a personal mobile device or any other computer equipment owned by an employee, volunteer or authorized representative of the **Named Insured,** except to the extent specified in EXTENSIONS OF COVERAGE section, item 2.

3. **Unexplained Loss**

   Unexplained deletion, disappearance, loss or diminution of **data** or of non-computer data.

4. **Fines and Penalties**

   Fines, penalties, sanctions, taxes, levies or assessments of any nature, including:

   4.1. fines, fees or damages for breach of contract or for late or non-completion of orders or payments; or

   4.2. levies or assessments that are related to payment cards or to Payment Card Industry Standards.

5. **Wear and Tear, Latent Defect, Inherent Vice**

   Wear and tear, gradual deterioration, hidden or latent defect or any quality in **data,** in computer media or in non-computer data that causes it to damage or destroy itself.

6. **Information Technology Security**

   6.1. A **privacy breach,** except for theft of non-computer data, arising from failure of the **Named Insured** (or of an employee, volunteer or authorized representative of the **Named Insured**) to diligently deploy updated functional security software including anti-malware software, anti-ransomware software, security patches, smart phone operating system and software updates and including a functional hardware firewall and, for each computer, a functional software firewall. Such deployment should be completed in accordance with a standard of care that at least meets, at the time of such breach, current standards and best practices for computer and **data** security;

   6.2. For the purposes of the Exclusion 6.1. above, available security patches (available as patches in response to computer security threats as recognized and specified by any CERT entity, or available otherwise) or available smart phone operating system and software updates that are not applied automatically or semi-automatically must be applied by the **Named Insured** as soon as practicable following the **Named Insured's** discovery of a **privacy breach** related to a computer or **data** security vulnerability that is addressed by such a patch or by such an operating system or software update. In any event, such application should occur no later than thirty (30) days following a security patch or a smart phone operating system update being made available by a software developer, a software supplier, smart phone operating system provider or by a computer security specialist.

7. **Programming Errors**

   Expenses or other loss arising from errors in the programming or configuration of computer equipment or from errors in the configuration of **data** or of computer media.

8. **Dishonest Acts**

   Criminal, fraudulent or dishonest acts of any **Named Insured** or criminal or penal proceedings against any **Named Insured** (in any event, including any employee, volunteer or authorized representative of the **Named Insured,** whether acting alone or in collusion with others).

9. **Third Party Liability**

   Loss, damage, expense or costs, including judgements against the **Named Insured,** arising out of liability to a third party.

10. **Legal Expenses**

    Legal fees or other defence expenses.

11. **Illegal Gain**

    Any gain, profit, remuneration or advantage to which the **Named Insured** is not legally entitled.

12. **Contractual Liability**

    Liability assumed by the **Named Insured** under any contract or agreement except to the extent that the **Named Insured** would have been liable in the absence of such a contract or such an agreement.

13. **Consequential Loss**

    Loss, damage, expenses or increased costs due to delay, loss of use, loss of market, loss of occupancy or, except to the extent of coverage under Insuring Agreement B, other interruption of business.

14. **Mechanical Breakdown and Service Interruption**

    Loss, damage, expenses or increased costs due to mechanical failure, breakdown, short circuit or other electrical disturbance, or interruption of internet service or of electrical power supply.

15. **Betterment**

    Any cost or expenses incurred to update, upgrade or otherwise improve **data,** non-computer data, computer media or computing equipment.

16. **Cyber Extortion**

    Payments, including ransom, extortion or blackmail payments, made by the **Named Insured** in response to **cyber extortion** or otherwise complying with or responding to **cyber extortion,** except to the extent specified in EXTENSIONS OF COVERAGE section, item 3.

17. **Computer Forensic Services**

    The following expenses as such expenses may arise in regard to **computer forensic services** or otherwise:

    17.1. computer and device hardware or software costs, including the cost of acquiring, leasing, purchasing, altering, updating, replacing or repairing computer or device hardware or software;

    17.2. the **Named Insured's** payments that are part of any service or maintenance contract; or

    17.3. the remuneration of any employee, volunteer or authorized representative of the **Named Insured,** unless such expense is approved in writing by the Insurer beforehand.

18. War, State-Sponsored Activity, Hostile Cyber Activity, Economic Sanctions

Loss, damage, expenses or increased costs arising out of or in any way involving any means, methods or techniques of engaging in:

18.1. War, including cyber warfare, hybrid warfare, undeclared war or civil war;

18.2. Warlike action, including action in hindering or defending against an actual or expected attack, either directly or indirectly performed, ordered or sponsored by any:

18.2.1. government, sovereign or other authority;

18.2.2. agent, branch, subdivision or entity of any government, sovereign or other authority; or

18.2.3. other person or organization acting on behalf of any government, sovereign or other authority;

18.3. Espionage, illegal activity or vandalism either directly or indirectly performed, ordered or sponsored by any:

18.3.1. government, sovereign or other authority;

18.3.2. agent, branch, subdivision or entity of any government, sovereign or other authority; or

18.3.3. other person or organization acting on behalf of any government, sovereign or other authority;

18.4. **Hostile cyber activity** either directly or indirectly performed, ordered or sponsored by any:

18.4.1. government, sovereign or other authority;

18.4.2. agent, branch, subdivision or entity of any government, sovereign or other authority; or

18.4.3. other person or organization acting on behalf of any government, sovereign or other authority;

18.5. Economic sanctions by any:

18.5.1. government, sovereign or other authority;

18.5.2. agent, branch, subdivision or entity of any government, sovereign or other authority; or

18.5.3. other person or organization acting on behalf of any government, sovereign or other authority; or

18.6. Insurrection, rebellion, revolution or usurped power

including but not limited to means, methods or techniques that: (a) are physical, kinetic, cyber or economic; (b) are offensive or defensive; or (c) impact a government, sovereign or other authority, or impact individual persons, individual organizations or any group(s) of persons or organizations.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to such loss, damage, expenses or increased costs.

With respect to Insuring Agreement B, in addition to the exclusions above, insurance granted by this Endorsement shall not apply to:

19. Business Interruption

Business interruption loss arising out of unauthorized use of, unauthorized access to, loss of, or damage to unlicensed software or to copyrighted software that has been copied or that is being used without authorization.

EXTENSIONS OF COVERAGE (subject to all other terms, conditions, limitations and exclusions of this Endorsement)

The following EXTENSIONS OF COVERAGE shall not increase the amounts of insurance that apply under this Endorsement and stated in the Declaration Page(s).

The following EXTENSIONS OF COVERAGE apply only with respect to a **privacy breach** that arises in regard to business activities of the **Named Insured** or of an employee, volunteer or authorized representative of the **Named Insured** while acting on behalf of the **Named Insured** in that capacity and that are activities related directly to the **Named Insured's** business operations.

COVERAGE IS EXTENDED TO:

1. Locations anywhere in the world if the **privacy breach** arises from the business activities of an employee, volunteer or authorized representative of the **Named Insured** who is away from Canada on the business of the **Named Insured** for a period not exceeding sixty (60) consecutive days. Coverage under this Endorsement does not apply in any country against which the Government of Canada has imposed economic or trade sanctions.
2. Computers, including tablets or smart phones that are personally owned by an employee, volunteer or authorized representative of the **Named Insured,** provided that any such computer, tablet or smart phone, at the time of a **privacy breach,** is being used with permission of the **Named Insured** on the **Named Insured's** business premises including offices in the homes of employees and while in transit to or from such offices and the **Named Insured's** business premises.
3.

3.1. **Computer forensic services,** irrespective of an actual **privacy breach,** that are necessary to prevent or to mitigate **cyber extortion,** if such **computer forensic services** are approved in writing by the Insurer beforehand;

3.2. Other **remediation expenses** due directly to **cyber extortion;**

3.3. **Business interruption loss** arising directly from a **privacy breach** that is due to **cyber extortion.**

ADDITIONAL CONDITIONS

A. **Notice to Insurer** - Applicable to Insuring Agreements A and B and the EXTENSIONS OF COVERAGE: As a condition of insurance under this Endorsement, the **Named Insured** shall give written notice to the Insurer as soon as practicable of a **privacy breach** or of **cyber extortion.** Such written notice to the Insurer must be given no later than thirty (30) consecutive days from the **Named Insured's** discovery of a **privacy breach** or of **cyber extortion.**

B. **Data Backup Requirement - Reasonable Precautions** - Applicable to Insuring Agreement B and to the extent that coverage is provided for **business interruption loss** under the EXTENSIONS OF COVERAGE: As a condition of insurance under Insuring Agreement B of this Endorsement, with respect to insured **business interruption loss,** the **Named Insured** will have diligently instituted and deployed a backup strategy and procedures for the **Named Insured's** business-critical or sensitive **data.** Such strategy and procedures must include, as the minimum requirements, regular backups (daily, weekly or monthly), backup archiving and backup testing. Failure of the **Named Insured** to fulfill this requirement will void coverage under Insuring Agreement B with respect to **business interruption loss** due to a **privacy breach.**

This condition B does not apply to the theft of non-computer data.

DEFINITIONS

For the purpose of this Endorsement:

1. **Business interruption loss** means actual loss sustained of net income, before taxes, excluding interest and after depreciation, from the **Named Insured's** declared business operations in Canada provided that such loss would not have been incurred had no **privacy breach** taken place.
2. **Computer forensic services** means investigation and analysis of, and documentation for, computer or computing equipment by a certified individual or organization from outside the **Named Insured** entity.

3. **Cyber extortion** means a demand that originates from outside the **Named Insured** entity, made to the **Named Insured** for money, currency or something else of value in exchange for not carrying out a threat to commit **privacy breach. Cyber extortion** also means a threat to disseminate, without authorization, **data** that are non-public and personal information as established by law, or to deny, to impede, to make unavailable or to otherwise disrupt access to such **data.**
4. **Data** means:
   4.1. representations of information or concepts in any form and residing in or on the **Named Insured's** computer equipment except for and excluding programmable manufacturing machines or programmable controllers for industrial use. Computer equipment includes smart phones to the extent that coverage in regard to such devices is provided by this Endorsement.
   4.2. **Data** does not:
      4.2.1. include money, currency, funds, bonds or instruments of debt, credit or equity;
      4.2.2. include deeds, accounts, bills, records, abstracts, manuscripts or other documents except as they have been converted to computer **data** and then only in that converted form;
      4.2.3. mean such property already sold or that is held for sale or for distribution.
5. **Hostile cyber activity** means any actual or attempted:
   5.1. Access or use of any computer, computer system or network by unauthorized persons or organizations (including access or use by persons or organizations in a manner that exceeds their authority), regardless of whether such access affects the functionality of such computer, system or network or alters, deletes, corrupts or denies access to any data stored therein; or
   5.2. Operations directed at any computer, computer system, or network to:
      5.2.1. Alter, delete, corrupt, or deny access to any computer, computer system or network or to any data stored therein;
      5.2.2. Partially or totally disrupt or disable the functioning of any computer, computer system, or network or any related physical infrastructure; or
      5.2.3. Cause:
         5.2.3.1. Bodily injury;
         5.2.3.2. Physical injury to tangible property; or
         5.2.3.3. Loss of use of tangible property regardless of whether such property is physically injured;
         outside of any computer, computer system, or network.
6. **Named Insured** means the entity named in the Declaration Page(s).
7. **Privacy breach** means failure to prevent unauthorized use of or unauthorized access to **data** (excluding such unauthorized use, unauthorized collection or unauthorized access by the **Named Insured** or from within the **Named Insured** entity by a person or persons affiliated with the **Named Insured** entity) that are possessed, managed, entrusted to, or held by the **Named Insured** and that are non-public and personal information as established by Canadian law. **Privacy breach** also means theft of non-computer data (excluding theft by the **Named Insured** or from within the **Named Insured** entity by a person or persons affiliated with the **Named Insured** entity) that are possessed, managed, entrusted to, or held by the **Named Insured** and that are non-public and personal information as established by Canadian law. **Privacy breach** does not include theft of, or failure to prevent unauthorized use of or unauthorized access to, intellectual property or trade secrets of any kind.
8. **Remediation expenses** means reasonable and necessary expenses that are required by law or that have received the Insurer's consent and approval beforehand, incurred by the **Named Insured** for:
   8.1. notification to existing, prospective or former customers, or existing or former employees or members of the **Named Insured,** provided that the need for such notification arises directly from a **privacy breach;**
   8.2. **computer forensic services,** provided that such services are retained with the Insurer's written consent beforehand and provided that the need for such services arises directly from a **privacy breach** or from the need to prevent a **privacy breach;**
   8.3. public relations services, provided that such services are retained with the Insurer's consent beforehand and provided that the need for such services arises directly from a **privacy breach;**
   8.4. required notification of a **privacy breach** to a governmental entity with authority to regulate the privacy of non-public and personal information of Canadians.

   Remediation expenses also means, with respect to a **privacy breach, the Named Insured's** expenditures that may be incurred for services for credit monitoring or for fraud monitoring and pertaining directly to existing, prospective or former customers, or existing or former employees or members of the **Named Insured,** such individuals notified in accordance with Item 8.1. above, for a period not exceeding fifty-two (52) consecutive weeks from the date that the actual **privacy breach** is first discovered.

All other terms and conditions of the policy to which this Endorsement applies remain unchanged.

PRIVACY BREACH LEGAL EXPENSE ENDORSEMENT

This Endorsement changes the policy. Please read it carefully.

Certain words and phrases in bold font have special meaning as defined in this Endorsement or in the Privacy Breach Expense Endorsement.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Endorsement. These titles have only been inserted for ease of reading.

This coverage extension supplements insurance provided under the Privacy Breach Expense Endorsement attached to this policy. Notwithstanding Exclusion 10. **Legal Expenses,** contained under the Privacy Breach Expense Endorsement or any other contrary provision, this coverage extension is subject to all terms, conditions, exclusions and limitations provided under said Privacy Breach Expense Endorsement.

INSURING AGREEMENT - PRIVACY BREACH LEGAL EXPENSE COVERAGE

1. Insurance granted by this coverage extension shall apply to **legal fees or defence expense** that is necessarily incurred by the **Named Insured** with the Insurer's prior written consent and that arise directly or indirectly from, and are made necessary by a **civil proceeding** in regard to a **privacy breach** to which coverage as extended by Privacy Breach Expense Endorsement applies. No other fees, costs or expenses are within the scope of this coverage extension.
2. The **privacy breach,** which gives rise to the reimbursement of **legal fees or defence expense,** must take place and must be discovered for the first time while coverage under this extension is in effect.

ADDITIONAL EXCLUSIONS

1. Insurance as provided by this coverage extension does not apply to the payment of indemnification or compensation of any kind.
2. Insurance as provided by this coverage extension does not apply to **legal fees or defence expense:**
   - 2.1. related to a dispute or an action of any kind between the **Named Insured** and the Insurer;
   - 2.2. related to any criminal or penal proceeding or to an intentional or criminal act of the **Named Insured** or any employee, volunteer or authorized representative of the **Named Insured;**
   - 2.3. in regard to the **Named Insured** as a plaintiff;
   - 2.4. in regard to the review or appeal of any decision;
   - 2.5. in regard to any regulatory or disciplinary action related to the **Named Insured's** profession.

LIMITS OF INSURANCE AND DEDUCTIBLE

1. The Limit of Insurance for this coverage extension:
   - 1.1. is specified in the Declaration Page(s); and
   - 1.2. is an aggregate limit and is the most the Insurer will pay in a policy period regardless of the number of occurrences or claims, the number of **privacy breaches,** the number or types of fees or expenses or the number of **Named Insureds.**
2. The Insurer is liable for the amount by which the claim exceeds the sum (if any) stated, as the deductible, in the Declaration Page(s).

ADDITIONAL CONDITIONS

1. If a Condition is found to be invalid, unenforceable or contrary to statute, the remainder shall remain in full force and effect.
2. The **Named Insured** or its legal representative must take all reasonable steps to recover all costs and expenses on the Insurer's behalf and to preserve and to not prejudice the Insurer's rights to recover costs or expenses.
3. This coverage extension shall be interpreted and construed in accordance with the laws of the Canadian Province or Territory in which the policy was issued.
4. This coverage is excess over any other insurance, whether primary, excess, contingent or on any other basis.
5. This coverage extension shall apply exclusively to **civil proceedings** or claims arising in Canada.
6. The Insurer, at its sole discretion, may reimburse the **legal fees or defence expense** either directly to the **Named Insured** or pay the **legal fees or defence expense** invoice to another entity on the **Named Insured's** behalf.

ADDITIONAL DEFINITIONS

1. **Civil proceeding** means a non-statutory civil action or a claim in which a third party is seeking damages arising from a **privacy breach** and includes:
   - 1.1. an arbitration proceeding; or
   - 1.2. any other alternative dispute resolution proceeding;

   In which such damages are claimed and to which the **Named Insured** must submit or does submit with the Insurer's consent.

2. **Legal fees or defence expense** means the reasonable and necessary expenses (other than **remediation expenses**) that the Insurer shall pay with respect only to the **Named Insured** for:
   2.1. fees of the **Named Insured's** attorney;
   2.2. experts' fees;
   2.3. judicial costs including but not limited to judicial stamps and fees for bailiffs, stenography and translation;
   2.4. loss of salary for an employee of the **Named Insured,** up to a maximum of $500 per day, and due directly to attendance at a **civil proceeding** when such attendance is at the Insurer's request or is in response to a formal summons;
   2.5. other necessary costs that are incurred by the **Named Insured** at the Insurer's request or with the Insurer's prior consent, including court costs of a plaintiff that are ordered payable by the **Named Insured** following a **civil proceeding** to which this coverage extension applies.

All other terms and conditions of this policy to which this Endorsement applies remain unchanged.

PROPERTY COVERAGE

SEWER BACK UP ENDORSEMENT
CONCURRENT FLOOD DEDUCTIBLE

This endorsement changes the policy. Please read it carefully.

Certain words and phrases in bold have special meaning as defined below or in the form to which this endorsement is attached.

Item 2. Deductible, provided under the Sewer Back Up Endorsement shown in the Declaration Page(s), is deleted in its entirety and replaced with the following:

2. Deductible

The Insurer is liable for the amount by which the loss or damage caused by **sewer back up** exceeds the amount of the deductible specified on the Declaration Page(s) for this endorsement in any one occurrence.

This Deductible Clause applies separately to each **premises** to which this endorsement applies.

In the event that the **sewer back up** occurs concurrently or in any sequence to the occasioning of loss or damage caused by **flood**, as provided by the Flood Endorsement shown in the Declaration Page(s), the **sewer back up** deductible shall be increased to the amount of deductible specified on the Declaration Page(s) for **flood** coverage.

All other terms and conditions of the policy to which this endorsement applies remain unchanged.

PROPERTY COVERAGE

SEWER BACK UP ENDORSEMENT
CONCURRENT FLOOD EXCLUSION

This endorsement changes the policy. Please read it carefully.

Certain words and phrases in bold have special meaning as defined below or in the form to which this endorsement is attached.

This Endorsement modifies the insurance provided under the Sewer Back Up Endorsement shown in the Declaration Page(s), and is only applicable in the event of a concurrent flood.

Item 4. Definition, is deleted in its entirety and replaced with the following:

4. Definitions:

sewer back up means the backing up or overflow, within the area bounded by the bearing walls and foundations of the building described on the Declaration Page(s), of water from within sewers, sumps, septic tanks or drains.

Flood means the breaking out or overflow of any natural or artificial body of water and includes **surface water**, waves, tides, tidal waves and tsunamis.

Surface water means water or natural precipitation temporarily diffused over the surface of the ground.

The following Concurrent Flood Exclusion is added:

5. Concurrent Flood Exclusion

Coverage afforded by this form shall not apply in the event that the **sewer back up** occurs concurrently or in any sequence to the occasioning of loss or damage caused in whole or in part by **flood**, and the Flood Endorsement is not attached to this policy.

All other terms and conditions of the policy to which this endorsement applies remain unchanged.

VIRUS AND BACTERIA EXCLUSION ENDORSEMENT

This Endorsement Changes the Policy. Please Read It Carefully.

Words and phrases in bold font or quotation marks have special meaning as defined below or in the Form to which this endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this endorsement. These titles have only been inserted for ease of reading.

This endorsement is attached to and modifies all commercial property coverage forms and endorsements in the policy, including but not limited to any of the following:

PROPERTY COVERAGE, including but not limited to Building and/or Contents Broad Form, Commercial Building and Contents Named Perils Form, Farm Outbuildings and Contents Broad Form and Farm Outbuildings and Contents Named Perils Form, as specified in the Declaration Page(s) for each Location;

BUSINESS INTERRUPTION COVERAGE, including but not limited to Profits, Profits Actual Loss Sustained, Gross Earnings, Gross Rentals, Rental Income and Contingent Business Interruption, as specified in the Declaration Page(s) for each Location;

BUILDERS RISK COVERAGE, as specified in the Declaration Page(s) for each Location;

EQUIPMENT BREAKDOWN COVERAGE, as specified in the Declaration Page(s) for each Location;

MISCELLANEOUS OR OTHER PROPERTY COVERAGE, including but not limited to Contractors Equipment Actual Cash Value Form and Farm Equipment Broad Form, as specified in the Declaration Page(s);

ANY EXTENSIONS, CLAUSES OR ADDITIONS OF COVERAGE to such a base Property, Business Interruption, Builders Risk, Equipment Breakdown, Miscellaneous Form or other form, including exceptions to exclusions.

The following paragraphs are added to the Forms:

1.1. This Form does not insure against loss or damage caused directly or indirectly, in whole or in part, by any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage.

1.2. The exclusion in paragraph 1.1. does not apply to loss or damage caused directly or indirectly, in whole or in part, by **fungi** or **spores** directly caused by an insured peril not otherwise excluded under the policy, but only to the extent such loss or damage is insured under another Form in the policy.

1.3. With respect to any loss or damage subject to the exclusion in paragraph 1.1., such exclusion supersedes any exclusion relating to pollution, **pollutants** or **hazardous substance.**

1.4. The terms of the exclusion in paragraph 1.1., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage that would not otherwise be included under the policy.

All other terms and conditions of this policy remain unchanged.

CYBER INCIDENT EXCLUSION

This Endorsement Changes the Policy. Please Read It Carefully.

Words and phrases in bold font or quotation marks have special meaning as defined below or in the Form to which this endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this endorsement. These titles have only been inserted for ease of reading.

This endorsement is attached to and modifies commercial property coverage forms and endorsements in the policy, including but not limited to any of the following:

PROPERTY COVERAGE, including but not limited to Building and/or Contents Broad Form, Commercial Building and Contents Named Perils Form, Farm Outbuildings and Contents Broad Form and Farm Outbuildings and Contents Named Perils Form, as specified in the Declaration Page(s) for each Location;

BUSINESS INTERRUPTION COVERAGE, including but not limited to Profits, Profits Actual Loss Sustained, Gross Earnings, Gross Rentals, Rental Income and Contingent Business Interruption, as specified in the Declaration Page(s) for each Location;

BUILDERS RISK COVERAGE, as specified in the Declaration Page(s) for each Location;

EQUIPMENT BREAKDOWN COVERAGE, as specified in the Declaration Page(s) for each Location;

MISCELLANEOUS OR OTHER PROPERTY COVERAGE, including but not limited to Contractors Equipment Actual Cash Value Form and Farm Equipment Broad Form, as specified in the Declaration Page(s);

EXTENSIONS, CLAUSES OR ADDITIONS OF COVERAGE to such a base Property, Business Interruption, Builders Risk, Equipment Breakdown, Miscellaneous Form or other form, including exceptions to exclusions.

The following exclusion is added to the EXCLUSIONS Section of the Forms:

1. **EXCLUSION**

   This Form does not insure against loss or damage caused directly or indirectly by a **cyber incident.**

   Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

2. **EXCEPTIONS AND LIMITATIONS**

   2.1. **Fire or Explosion**

   If a **cyber incident** results in fire or explosion, the Insurer will pay for the loss or damage to insured property caused by that resulting fire or explosion.

   2.2. **Privacy Breach Expense Endorsement**

   Paragraph 1. does not apply to the Privacy Breach Expense Endorsement when such Endorsement is attached to the policy.

3. **VANDALISM AND MALICIOUS ACTS**

   For purposes of this endorsement, vandalism and **malicious acts** do not include a **cyber incident.**

4. **DEFINITIONS**

   For purposes of this endorsement, the following definitions are added to the Definitions Sections:

   4.1. **Computer System** means any computer, hardware, media, electronic or digital **data,** software, communications or networking system, electronic device (including but not limited to smart phones, laptops, tablets, wearable devices), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, **data** storage device, networking equipment or back-up facility.

   4.2. **Cyber Incident** means:

   4.2.1. Unauthorized access to or use of any **computer system;**

   4.2.2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any **computer system** and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any **computer system** or otherwise disrupt its normal functioning or operation; or

   4.2.3. Denial of service attack which disrupts, prevents or restricts access to or use of any **computer system,** or otherwise disrupts its normal functioning or operation.

All other terms, conditions and limitations of the policy shall remain unchanged.

EDGE COMPLETE 2.0

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SUMMARY OF COVERAGES

SECTION 1

The following Extensions of Coverage apply in addition to the limits of insurance stated on the Declaration Page(s) for the Building, the Contents or the Property of Every Description and are subject to all conditions of the policy. These Extensions are limited to $500,000 in respect of any one occurrence.

SECTION 1 - BLANKET EXTENSIONS		
Item	**Extensions of Coverage**	**Amount of Insurance per occurrence**
1.	Accounts Receivable	**$500,000**
2.	Brands and Labels	
3.	Building Damage by Theft	
4.	Environmental (Green) Upgrade	
5.	Expediting Expenses	
6.	Fire or Police Department Service Charge	
7.	Fire Suppression Recharge Expense	
8.	Personal Property of Officers, Employees and Volunteers	
9.	Professional Fees	
10.	Proof of Loss and Inventory Preparation Expense	
11.	Replacement of Locks and Keys	
12.	Tenant Leasehold Interest - Rents	
13.	Valuable Papers and Records, Computer Data	

SECTION 2

The following Extensions of Coverage apply in addition to the limits of insurance stated on the Declaration Page(s) for the Building, the Contents or the Property of Every Description and are subject to all conditions of the policy. These Extensions are limited to $100,000 in respect of any one occurrence.

SECTION 2 - BLANKET EXTENSIONS		
Items	**Extensions of Coverage**	**Amount of Insurance per occurrence**
14.	Accrued Storage Charges	**$100,000**
15.	Arson and Theft Reward	
16.	Consequential Loss - Off-premises Service Interruption	
17.	Contents at Insured or Insured's Employees Residence	
18.	Contents at Other than Specified Locations	
19.	Contents Temporarily Away from the Premises	
20.	Deferred Payment Plan Stock	
21.	Exhibition Floater	
22.	Fine Arts	
23.	Fines, Damages or Penalties for Breach of Contract	
24.	Installation Floater	
25.	Mobile Inventory Management Equipment	
26.	Mortgage Rate Guarantee	
27.	Moulds and Patterns	
28.	Property in Custody of Sales Representatives	

SECTION 3

Except for Extensions 35., 40. and 56., the following Extensions of Coverage apply in addition to the limits of insurance stated on the Declaration Page(s) for the Building, the Contents or the Property of Every Description and are subject to all conditions of the policy.

SECTION 3 - INDIVIDUAL EXTENSIONS		
Item	**Extension of Coverage**	**Amount of Insurance per occurrence**
29.	Bailee's Customer	$10,000
30.	Breakdown of refrigeration or heating equipment on vehicle	$25,000
31.	Building by-laws	
31.1.	Value of undamaged portion	Included
31.2.	Cost of demolition	Included
31.3.	Increased cost of construction	10% / $1,000,000
32.	Catch all Clause	$50,000
33.	Computer System	$50,000
	Computer Media	$25,000
	Computer Data	$25,000
34.	Condominiums - Common elements contents or common area contents	$75,000
35.	Condominiums - Common expense	Included
36.	Condominiums - Trustees fees	$75,000
37.	Condominiums - Property in custody	$5,000 / $50,000
38.	Condominiums - Unit Owners Additional Coverages	
38.1.	Contingent Condominium Unit Coverage	$250,000
38.2.	Special Loss Assessment	$250,000
38.3.	Betterments and Improvements	$50,000
39.	Confiscation or Seizure of Property	$5,000
40.	Consequential Loss - On Premises	Included
41.	Construction of Additions, Extensions, Alterations and Repairs	$125,000
42.	Crane Operator's Insurance	$10,000
43.	Debris Removal Expenses	10% / $1,000,000
44.	Extra Expenses	$50,000
45.	Growing Plants, Trees, Shrubs, Lawns or Flowers	$25,000
46.	Land and Water Pollutant Clean Up Expenses	$50,000
47.	Money and Securities	$1,000
48.	Newly Acquired Contents	$250,000 (Equipment) / $10,000 (Stock) / (30 days)
49.	Newly Acquired Locations	$1,000,000 (Building) / $500,000 (Contents) / (90 days)
50.	New Generation	$25,000
51.	Office Business Contents	$10,000
52.	Peak Season Increase	25%
53.	Precious Metals	$10,000
54.	Property in Transit	$30,000
55.	Property Leased, Rented or Loaned	$30,000
56.	Removal	60 days
57.	Roadways, Walkways and Parking Lots	$50,000
58.	System Software Erasure	$10,000
59.	Unscheduled Tool Floater	$10,000

60.	Warehouseman's Legal Liability	$50,000

SECTION 4

Item	SPECIAL PROVISIONS
	Basis of valuation - Replacement Cost
	Notice of Cancellation/Termination Amendment
	Territorial Limits
	Waiver of Deductible for a Major Loss

Note: See the wording of each Extension for full conditions of coverage.

PROPERTY COVERAGE

In the event that more than one Extension of Coverage applies to the same property lost or damaged as a result of a single occurrence, only the Extension with the highest amount of insurance will apply. In the event a more specific coverage elsewhere in the policy applies to a loss covered by one of these Extensions, only the specific coverage will apply.

The following Extensions cancel and replace those existing on the Building and/or Contents - Broad Form, subject to the conditions, exclusions and limitations stipulated in this Form. The following Extensions of Coverage are not subject to a co-insurance requirement.

EXTENSIONS OF COVERAGE

SECTION 1 - BLANKET EXTENSIONS

The following Extensions of Coverage apply in addition to the limits of insurance stated on the Declaration Page(s) for the Building, the Contents or the Property of Every Description and are subject to all conditions of the policy, up to a total limit per occurrence as specified in the Summary of Coverages for this Section.

1. ACCOUNTS RECEIVABLE

This Extension insures:

1.1. all sums due to the Insured from customers, provided the Insured is unable to collect such sums as the direct result of loss or damage to records of accounts receivable which are inside the **building** at the location designated on the Declaration Page(s);

1.2. interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectable by such loss or damage;

1.3. collection expense in excess of normal collection cost and made necessary because of such loss or damage;

1.4. other expenses, while reasonably incurred by the Insured in reestablishing records of accounts receivable following such loss or damage.

The Insurer shall not be liable for loss or damage:

1.5. due to bookkeeping, accounting or billing errors or omissions;

1.6. the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation. This shall not preclude the use of such procedures in support of claim for loss;

1.7. due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining, or withholding of money, securities or other property but only to the extent of such wrongful giving, taking, obtaining or withholding.

1.8. BASIS OF SETTLEMENT

When there is proof that a loss insured by this Extension has occurred but the Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Insured's monthly accounts receivable and shall be computed as follows:

1.8.1. determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;

1.8.2. calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve months immediately preceding the month in which the loss occurs, or such part thereof for which the Insured has furnished monthly statements to the Insurer, as compared with such average for the same months of the preceding year;

1.8.3. the amount determined under (1.8.1.) above, increased or decreased by the percentage calculated under (1.8.2.) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;

1.8.4. the amount determined under (1.8.3.) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectable by the Insured. On deferred payment accounts receivable, unearned interest and service charges shall be deducted.

2. BRANDS AND LABELS

If **stock** damaged by an insured peril is salvageable and bears a brand or trademark or guarantee, the Insurer agrees to pay for the removal of such brand, trademark or guarantee before sale of such **stock** as salvage.

3. BUILDING DAMAGE BY THEFT

This Form is extended to insure damage (except by fire) to that part of a **building** occupied by the Insured, directly resulting from theft or attempted theft and from vandalism or **malicious acts** committed on the same occasion, provided the Insured is not the owner of such **building**, is legally liable for such damage, and the **building** is not otherwise insured under this Form.

4. ENVIRONMENTAL (GREEN) UPGRADE

This Form is extended to cover:

4.1. any difference between the certified **green** cost and the established **replacement cost**;

4.2. any additional costs incurred by the Insured for the services of a **green authority**, in accordance with the design, construction, restoration or reconstruction of certified **green** property which suffered an insured loss; and

4.3. any additional costs incurred by the Insured to obtain the certification or the recertification of repaired or replaced insured property to be certified **green**;

following a loss or damage to **building(s)** and **equipment** directly caused by an insured peril.

For the purposes of this Extension of coverage, the Insured shall comply with the co-insurance clause applicable to the **building(s)** and **equipment**.

Green means products, materials, methods and processes certified by a **green authority** and that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

Green Authority means an authority on building products, materials, methods or processes that are certified and accepted by industry associations or government as supporting environmental sustainability and/or energy conservation. These entities include but are not limited to: Leadership in Energy and Environmental Design (LEED), Green Building Initiative (Green Globes), Energy Star, Building Owners and Managers Association (BOMA) BEST, any applicable Canadian Standards Association guideline, ISO Standards or any other environmental sustainability or energy conservation rating or certification system recognised by the Insurer.

5. EXPEDITING EXPENSES

This Form is extended to cover expediting expenses, including overtime, incurred as a result of loss or damage to insured property by an insured peril, for such costs incurred to:

5.1. make reasonable temporary repairs;

5.2. expedite reasonable permanent repairs;

5.3. expedite permanent **replacement** of the insured property that has been lost or damaged by an insured peril.

This Extension does not apply to additional costs incurred for the rental or borrowing of property while the damaged property is being repaired or replaced.

Replacement means repair, construction or reconstruction with new property of like kind and quality.

6. FIRE OR POLICE DEPARTMENT SERVICE CHARGES

This Form is extended to cover service charges assessed when a fire or police department is called to save or protect the insured property from fire or another insured peril at the location specified on the Declaration Page(s).

This Extension of Coverage only provides reimbursement for service charges for which the Insured is liable and which have been received directly from:

6.1. the Insured's municipal fire or police department; or

6.2. a neighbouring municipality's fire department or police department for which there is an inter-municipal agreement.

7. FIRE SUPPRESSION RECHARGE EXPENSE

This Form is extended to cover any **fire suppression system** recharge expense (including system inspection expenses) incurred by the Insured due to the leakage or discharge of the fire suppressant within any **fire suppression system** at the **premises** of the Insured where such discharge or leakage is caused by or results from an insured peril.

Coverage under this Extension, may also be applied to the cost incurred during the policy period of upgrading any **fire suppression system** following loss or damage arising out of a fire to which this Form otherwise applies, and that caused such **fire suppression system** to discharge. The cost incurred for upgrading **fire suppression systems** does not apply to any **automatic sprinkler system** designed to protect the **building** or **contents.**

Fire Suppression System means special fire suppression equipment, which is not water based and has been designed and installed to conform with National Fire Protection Association (NFPA) guidelines.

Automatic Sprinkler System means a system that consists of an integrated network of piping designed in accordance with fire protection engineering standards that includes a water supply source, a water control valve, a water flow alarm and a drain. The system shall be activated by heat from a fire that automatically discharges water over the fire area.

8. PERSONAL PROPERTY OF OFFICERS, EMPLOYEES AND VOLUNTEERS

At the option of the Insured, **equipment** also includes personal property of officers, employees and volunteers of the Insured.

9. PROFESSIONAL FEES

This Form is extended to cover reasonable fees charged by auditors, accountants, lawyers, architects, surveyors, engineers or other professionals retained by the Insured, for the purpose of producing or certifying particulars or details of the Insured's business and that are required by the Insurer in connection with loss or damage caused to Insured property by an insured peril.

This extension only applies to necessary and reasonable fees paid to professionals for producing and certifying any information that may be required by the Insurer in order to arrive at the loss payable under this Form.

This Extension of does not include the fees and cost of public adjusters.

10. PROOF OF LOSS AND INVENTORY PREPARATION EXPENSE

If, as the result of loss or damage caused by an insured peril, the Insurer requests:

10.1. the preparation of a proof of loss; or

10.2. the preparation of inventories to help determine the amount of the loss.

This Extension covers the necessary expenses incurred to prepare such proofs or inventories.

This Extension does not apply to expenses to prove this Form insures against a loss, nor for expenses incurred under the condition of this policy relating to appraisal.

11. REPLACEMENT OF LOCKS AND KEYS

This Form is extended to cover the replacement, repair or reprogramming of locks in the event of loss or damage caused by an insured peril, to master keys, electronic passes or key cards controlling the doors to locations specified on the Declaration Page(s).

12. TENANT LEASEHOLD INTEREST - RENTS

If, as a result of direct physical loss of or damage to insured property from an insured peril, the landlord terminates the lease in accordance with the conditions of the lease, this Extension will cover the difference between the higher rent at the new premises and the rent stipulated in the prior lease for:

12.1. the unexpired term of the prior lease; or

12.2. 24 months from the date of loss;

whichever time period is shorter.

The difference shall be calculated on the basis that the new premises are of similar size, condition and location without allowances for improvement.

13. VALUABLE PAPERS AND RECORDS, COMPUTER DATA

This Form is extended to cover all risks of direct physical loss of or damage to **valuable papers and records** and **computer data**, and for the extra expense necessarily incurred in the reproduction of **valuable papers and records** and **computer data**, including the cost of gathering or assembling information or data for such reproduction.

This Extension of coverage does not apply to:

13.1. errors or omissions in processing or copying unless fire or explosion ensues and then only for such ensuing fire or explosion;

13.2. **money or securities.**

DEFINITIONS

Computer Data means facts, concepts and information which is converted to a form useable for computer equipment and includes programs, software and coded instructions for the processing and manipulation of data or the direction and manipulation of such computer equipment.

Money means currency, coins, bank notes and bullion, traveller's cheques, registered cheques and money orders held for sale to the public.

Securities means all negotiable and non-negotiable instruments or contracts representing **money** or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include **money.**

Valuable Papers and Records means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts and electronically stored records.

SECTION 2 - BLANKET EXTENSIONS

The following Extensions of Coverage apply in addition to the limits of Insurance stated on the Declaration Page(s) for the Building, the Contents or the Property of every description and are subject to all conditions of the policy, up to a total limit per occurrence as specified in the Summary of Coverages for this Section.

14. ACCRUED STORAGE CHARGES

This Form is extended to cover the amount of uncollectible accrued storage charges that arise from loss of or damage caused by an insured peril to the movable property of others that is stored or transported by the Insured. No coverage is provided for storage charges that are more than 30 days in arrears.

15. ARSON AND THEFT REWARD

In the event of loss or damage to the insured property that results from an act of arson or theft, for which coverage is afforded under this policy, this Form is extended to reimburse the Insured for rewards paid for information directly leading to convictions for the act of arson or theft, or for the recovery of stolen property.

The Insurer's liability under this Extension shall not be increased by the number of people who provide information.

This Extension is limited to a maximum recovery of 25% of such loss, up to the amount specified on the Summary of Coverages under Section 2.

16. CONSEQUENTIAL LOSS - OFF-PREMISES SERVICE INTERRUPTION

This Form is extended to cover loss of or damage to **stock** on the **premises** caused by a change of temperature or dampness or dryness of atmosphere, provided that such loss or damage results directly from an insured peril to off-**premises** public utility generating plants, switching stations, substations, transformers and pumping stations, including underground transmission lines and pipes, that generate and supply electricity, water, gas or steam to the Insured Property.

Such damaged apparatus must be located within 100 kilometres of the location specified on the Declaration Page(s).

This coverage does not insure loss or damage arising from loss of or damage to overhead electrical transmission or distribution lines (or their supporting structures) that are off the **premises.**

17. CONTENTS AT INSURED RESIDENCE OR INSURED'S EMPLOYEES RESIDENCE

This Form is extended to insure **contents** while at the residence of the Insured or the Insured's employees.

18. CONTENTS AT OTHER THAN SPECIFIED LOCATIONS

This Form is extended to cover **contents,** while at a location not owned, rented, or controlled in whole or in part by the Insured. This Extension applies while the **contents** are anywhere in the world.

19. CONTENTS TEMPORARILY AWAY FROM THE PREMISES

This Form is extended to cover **contents** temporarily removed from the premises described on the Declaration Page(s), while at an unnamed location anywhere in the world.

20. DEFERRED PAYMENT PLAN STOCK

This Form is extended to cover **stock** the Insured has sold conditionally or whose price is payable at a future date or by installments. If direct physical loss of or damage to such **stock** by an insured peril occurs after it has left the Insured's custody but before the Insured has received full payment, the Insurer will indemnify the Insured for the unpaid balance. This Extension does not insure against default by the purchaser.

21. EXHIBITION FLOATER

This Form is extended to cover loss or damage caused directly to the insured property by an insured peril, from the time the property insured leaves any **premises** of the Insured, while in transit to and from any exhibition site and while at such exhibition site.

22. FINE ARTS

This Form is extended to cover fine arts that are the property of the Insured or the property of others for which the Insured may be liable, while at the premises described on the Declaration Page(s).

Fine arts includes paintings, etchings, pictures, tapestries and other bona fide works of art such as valuable rugs, statuary, marbles, bronzes, antique furniture, books, antique silver, manuscripts, porcelains, glass and bric-a-brac, that are rare, are of historical value or that are of artistic merit.

23. FINES, DAMAGES OR PENALTIES FOR BREACH OF CONTRACT

This Form is extended to cover sums the Insured is legally liable to pay in discharge of fines, damages or penalties incurred solely for late or non-completion of orders in consequence of direct physical loss of or damage to insured property from an Insured peril.

24. INSTALLATION FLOATER

This Form is extended to cover property, while in transit or otherwise, which is in the process of installation, construction, repair or reconstruction, or any other job in connection with the operations of the Insured, provided that:

24.1. the Insured is the owner, or has care, custody or control and may be held responsible for the property described above; and

24.2. such property is intended to enter into and form part of the project performed by the Insured.

The Insurer shall be liable for up to the amount of Insurance specified in the Summary of Coverages under this Section 2 on property at any single project site.

Property Excluded

This Form does not insure property while located on any **premises** owned, leased or occupied by the Insured.

Cessation of Coverage

This insurance will be terminated:

24.3. at the beginning of use or occupancy of any part or section of the project unless such use or occupancy is for:

24.3.1. construction purposes;

24.3.2. office or habitational purposes;

24.3.3. installing, testing or storing equipment or machinery;

24.4. 30 days after completion of the Installation; or

24.5. the expiration of this insurance;

whichever occurs first.

25. MOBILE INVENTORY MANAGEMENT EQUIPMENT

Notwithstanding what is provided under exclusion 1.3 Electrical Devices, Appliances or Wiring, of the Building and/or Contents - Broad Form, this Form is extended to cover loss of or damage to **mobile inventory management equipment** including **data** and media, caused by an insured peril. This Extension applies to property only while away from the **premises.**

Paragraph 2.16 Data Exclusion, of the Building and/or Contents - Broad Form, does not apply to this Extension of coverage.

Insurance under this Extension does not apply to loss due to electrical or magnetic injury, computer viruses, malware or any form of malicious code, or the disturbance or erasure of electronic recordings, except by lightning.

Mobile inventory management equipment means mobile computers, computerized equipment and related component parts that are used away from the **premises** solely to manage and control inventory.

26. MORTGAGE RATE GUARANTEE

This Form is extended to cover the increase in mortgage cost required as a result of direct physical loss of or damage to a **building** by an insured peril where loss or damage to such **building** is deemed to be total, and where the mortgagor at the time of the loss closes the existing mortgage, requiring a new mortgage at a higher, competitive rate of interest.

The new mortgage must be the same term, amortization, and interest rate option of the previous mortgage.

Indemnity shall be based on the difference between the mortgage rate in effect on the date of the loss and the new mortgage rate, based on the outstanding mortgage balance.

This Extension will continue:

26.1. for the duration of the existing mortgage period in effect at the time of the loss, until its expiry; or

26.2. until the Insured relinquishes title or interest in the **building**; or

26.3. for a period not exceeding 60 months;

whichever occurs first.

This coverage shall have full force and effect only if loss of or damage to the **building** is deemed to be total, and settlement of partial losses shall be made as if this Extension had not been in effect.

27. MOULDS AND PATTERNS

This Form is extended to cover moulds and patterns which are the property of the Insured, or the property of others in the custody of the Insured and for which the Insured is liable.

28. PROPERTY IN CUSTODY OF SALES REPRESENTATIVES

This Form is extended to cover insured property, whether in transit or otherwise, in the custody of sales representatives.

SECTION 3 - INDIVIDUAL EXTENSIONS

Except for Extensions 35. CONDOMINIUMS - COMMON EXPENSE, 40. CONSEQUENTIAL LOSS - ON PREMISES, and 56. REMOVAL, the following Extensions of coverage apply in addition to the limit of insurance stated on the Declaration Page(s) for the Building, Contents, or the Property of Every Description, and are subject to all conditions of the policy, up to an individual limit per occurrence as specified in the Summary of Coverages for this Section, unless stated otherwise on the Declaration Page(s).

29. BAILEE'S CUSTOMER

This Form is extended to cover all lawful goods and articles belonging to the Insured's customers and clients while such goods or articles are:

29.1. on the **premises** for the purpose of the Insured performing the business service or professional service described on the Declaration Page(s);

29.2. in transit if the goods or articles are in the possession of the Insured.

This Extension does not apply to loss or damage to goods or articles received for storage, or for which a storage charge has been or will be made.

30. BREAKDOWN OF REFRIGERATION OR HEATING EQUIPMENT ON VEHICLE

This Form is extended to cover loss or damage to insured property from sudden or accidental breakdown or failure of refrigeration or heating equipment forming part of the transporting vehicle owned, rented or leased by the Insured, subject to the following conditions:

30.1. It is warranted that the Insured and/or his agents shall exercise due diligence in maintaining in complete working order all refrigeration or heating units and related equipment, in accordance with the manufacturer's specified precautions and service procedures. If the Insured fails to maintain written records of such maintenance or fails to inspect, repair or otherwise keep such units and related equipment in good working order, there will be no coverage for loss or damage to cargo caused by or resulting from changes in temperature.

30.2. The Insurer is not liable if at the time of loss or damage there is any other insurance that would be attached if this Extension had not been effected.

This coverage shall apply only as excess and in no event as contributing insurance and then only after all other insurance has been exhausted.

31. BUILDING BY-LAWS

In the event of loss or damage, by the perils insured against under this policy, to buildings described on the Declaration Page(s), this Form is extended to cover:

31.1. loss occasioned by the demolition of any undamaged portion of the **building**;

31.2. the cost of demolishing and clearing the site of any undamaged portion of the **building**;

31.3. any increase in the cost of repairing, replacing, constructing or reconstructing the damaged portion of the **building** on the same site or on an adjacent site, of like height, floor area and style, and for like occupancy.
This Extension (31.3) also covers an additional amount, if the policy limit is exhausted, for up to 10% of the limit of insurance stated on the Declaration Page(s) for the Building, subject to the maximum amount stated in the Summary of Coverages for this Extension under Section 3.;

arising from the enforcement of the minimum requirements of any by-law, regulation, ordinance or law which regulates zoning or the demolition, repair or construction of damaged **buildings**, and is in force at the time of such loss or damage.

This Extension of coverage does not insure against:

31.4. the enforcement of any by-law, regulation, ordinance or law which prohibits the Insured from rebuilding or repairing on the same site or an adjacent site or prohibits continuance of like occupancy; or

31.5. direct or indirect loss, damage, cost or expense, arising out of **clean up** resulting from any actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants**; or

31.6. direct or indirect loss, damage, cost or expense, for any testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants**; or

31.7. the enforcement of any by-law, regulation, ordinance or law which would apply in the absence of a loss; or

31.8. the enforcement of any by-law , regulation , ordinance or law that the Insured was required to comply with prior to the loss but failed to do so.

32. CATCH ALL CLAUSE

In the event of a claim being made under any Extension specified under Section 3 of this Form, and following the application of all terms, deductibles, and conditions applicable to the Extension, if the amount of insurance is insufficient to fully indemnify the Insured for loss or damage, then the insurance under this Form is extended to provide additional coverage, in excess of any such adjusted claim.

In no event shall the Insurer be liable, in any one occurrence, for more than:

32.1. the difference between the amount payable, under the adjusted claim(s), and the amount required to fully indemnify the Insured; or

32.2. the amount of insurance specified for this Extension in the Summary of Coverages for this Extension under Section 3.;

whichever is the lesser amount.

If the amount of insurance for more than one Extension is insufficient, this Catch All Clause may be applied to one or more Extensions in any one loss occurrence. In the event that claim is made under this Catch All Clause, the Insured shall elect which Extensions shall receive the benefit of this Catch All Clause.

The Insurer shall not be liable for more than the amount shown in the Summary of Coverages for this Extension under Section 3. In any one occurrence, no matter how many Extension limits are insufficient.

33. COMPUTER SYSTEMS, MEDIA AND DATA BREAKDOWN

This Form is extended to cover loss or damage to **computer systems**, **computer media** or **computer data** on the **premises** due to:

33.1. mechanical breakdown, faulty construction or error in design; or

33.2. short circuit, blow-out or other electrical, electronic or magnetic disturbance:

33.2.1. within a **computer system**; or

33.2.2. caused by lightning;

33.3. failure, breakdown or malfunction of **computer system** when **computer media** is being run through a **computer system** and the **computer media** fails, breaks down, or malfunctions.

In addition, this Extension covers the extra expenses necessarily incurred to reprogram or replace any **computer data** that is disturbed or erased as the direct result of such loss or damage.

This Extension of coverage does not apply to:

33.4. errors or omissions in processing or copying of **computer media** or **computer data**;

33.5. computer viruses, harmful code or similar instructions introduced into or enacted on a **computer system**, equipment or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation;

33.6. loss or damage caused directly or indirectly by any change or interruption to electric power, if the change originates more than 1000 feet away from the **premises** insured containing the **computer system, computer media** or **computer data.**

Computer Data means facts, concepts and information which is converted to a form useable for computer equipment and includes programs, software and coded instructions for the processing and manipulation of **data** or the direction and manipulation of such computer equipment.

Computer Systems means electronic office equipment including computer servers, component parts, networks, mainframes, accounting machines, drives, associated peripheral equipment , and any storage devices that are used for **computer data** storage and processing.

Computer Media means the material on which **computer data** are stored.

34. CONDOMINIUMS - COMMON ELEMENTS CONTENTS OR COMMON AREA CONTENTS

This Form is extended to cover loss or damage to **common elements contents** or **common area contents** at the **premises**, not otherwise insured.

Common elements contents or **Common area contents** means furniture, furnishings, fittings, fixtures, machinery, and appliances other than the **building**. The property must be located in a common area of the **building** which is openly accessible to all occupants of the **building.**

35. CONDOMINIUMS - COMMON EXPENSE

The Insurer agrees to indemnify the **Condominium Corporation** for the loss of such obligatory contributions towards common expenses as may be assessed from time to time by the **Condominium Corporation** against all **unit** owners, provided that the Insurer shall not be liable under this Extension for more than the pro-rata share of such expenses during the time that the **unit**(s) remain unoccupied and untenantable due to loss or damage insured by this Policy.

36. CONDOMINIUMS - TRUSTEES FEES

This Form is extended to cover reasonable and customary fees paid by the **Condominium Corporation** or by any **unit** owner to an insurance trustee for services provided following insured loss or damage. The use of an insurance trustee must be required by the Condominium Declaration and the Insurance Trust Agreement.

This Extension of Coverage shall be limited to a maximum recovery, corresponding to the amount of Insurance specified in the Summary of Coverages for this Extension, provided the amount of the fee or fees levied does not exceed two percent (2%) of the loss sustained and otherwise payable under this Form, without regard to the benefit under this Extension.

37. CONDOMINIUMS - PROPERTY IN CUSTODY

This Form is extended to cover loss or damage to the property of **unit** owners, only if the **Condominium Corporation** accepts such property for custody or safekeeping.

This Extension of Coverage shall be limited to an amount per **unit** owner and maximum amount per occurrence as specified in the Summary of Coverages for this Extension under Section 3.

38. CONDOMINIUMS - UNIT OWNERS' ADDITIONAL COVERAGES

38.1. Contingent Condominium Unit Coverage

This Form is extended to cover for loss or damage by an insured peril to the **insured's unit**, but only to the extent that said **unit** is not so insured by the **Condominium Corporation** or to the extent that building insurance purchased by the **Condominium Corporation** on behalf of its **unit** owners is not effective or is inadequate.

38.2. Special Loss Assessment

This Form is extended to cover for payment of the **insured's** share of Special Loss Assessments levied against the **unit** owners of the **Condominium Corporation** by the directors of said **Condominium Corporation** in accordance with the governing rules of the corporation, when such assessments are made necessary by direct loss or damage by a peril insured against, to the condominium property collectively owned by the **unit** owners.

38.3. Betterments and Improvements

This Form is extended to cover loss or damage by an insured peril to improvements or betterments made or acquired by the owners of condominium units that have become a permanent part of the **building.**

For the purposes of this Extension, **Insured** means the Individual Condominium **unit** owner.

39. CONFISCATION OR SEIZURE OF PROPERTY

Notwithstanding exclusion 1.11. Property Illegally Acquired of the Building and/or Contents - Broad Form, if **equipment** or **stock** is confiscated or seized from the Insured by public authority, and the Insured purchased such property from a person who had acquired such property illegally, this Form is extended to cover such loss.

This Extension shall not apply if the Insured was aware they were purchasing illegally acquired property.

40. CONSEQUENTIAL LOSS - ON PREMISES

This Form is extended to cover physical loss of or damage to **stock**, while on the **premises**, caused by:

40.1. dampness or dryness of atmosphere; or

40.2. change of temperature;

directly resulting from physical loss of or damage to **building** or **equipment**, including, while located on the **premises**, their supply or transmission lines and pipes and their connections furnishing **services.**

The physical loss of or damage to **building** or **equipment** must directly result from an insured peril.

Services means electricity, water, gas or steam.

41. CONSTRUCTION OF ADDITIONS, EXTENSIONS, ALTERATIONS AND REPAIRS

If not insured elsewhere, this Form is extended to cover property in course of construction that forms part of an addition, extension or alteration to the **building** on the **premises**, including:

41.1. materials and supplies;

41.2. landlord's permanent fittings and fixtures to be attached to the **building**;

41.3. scaffolding, falsework, forms, hoardings, excavation, site preparation, temporary structures, and similar work;

41.4. fences, foundations, other supports, frescoes, machinery and equipment for building services;

41.5. landscaping.

42. CRANE OPERATOR'S INSURANCE

This Form is extended to cover property in the care, custody or control of the Insured, owned by the Insured's customers and for which the Insured may be held legally liable, against any loss or damage caused by accident while such property is being lifted or moved on the **project site** by cranes or hoisting equipment, during erection or elevation operations.

Project site means any work site at which the Insured has been contracted to do work usual to the operations of the Insured.

43. DEBRIS REMOVAL - ADDITIONAL EXPENSES

This Form is extended to cover expenses incurred by the Insured in the removal from the **premises** of:

43.1. debris of the insured property, occasioned by loss or damage insured under this Form;

43.2. debris or other property which is not insured by this Form but which has been blown by windstorm upon the **premises.**

This Extension also covers additional debris removal expense, if the policy limit is exhausted, for up to 10% of the limit of Insurance stated on the Declaration Page(s) for the Building, the Contents or the Property of Every Description, subject to a maximum amount stated in the Summary of Coverages for this Extension under Section 3.

This Extension of coverage does not apply to costs or expenses:

43.3. to clean up **pollutants** from land or water; or

43.4. for testing, monitoring, evaluating or assessing of an actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants.**

44. EXTRA EXPENSES

This Form is extended to cover **extra expenses** necessarily incurred by the Insured during the **restoration period** to maintain, as much as possible, the **normal** activities of the business after an insured loss affecting the **buildings** or their **contents.**

This Extension includes the actual loss as insured by this Form during the period of time, not exceeding thirty (30) days, while access to the **premises** is prohibited by order of civil authority as a direct result of damage to neighbouring premises by an insured peril.

The following expenses are not covered under any circumstances:

44.1. loss of income;

44.2. extra expense in excess of that necessary to continue as nearly as practicable the **normal** conduct of the Insured's business;

44.3. cost of repairing or replacing damaged property, except cost in excess of the **normal** cost of such repairs or replacements necessarily incurred to reduce the total amount of **extra expense.**

Extra expenses means the excess (if any) of the total cost during the **restoration period** for the purpose of continuing the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred. This will include the cost of using the property of others or other similar necessary emergency expenses. Any salvage value of such property remaining after resumption of **normal** operations shall be taken into consideration in the adjustment of any Insured loss.

Normal means the condition which would have existed had no loss occurred.

Restoration period means the period of restoration, commencing with the date of the loss and not limited by the expiration date of this policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the property as may be destroyed or damaged.

45. GROWING PLANTS, TREES, SHRUBS, LAWNS OR FLOWERS

This Form is extended to cover loss of or damage to growing plants, trees, shrubs, lawns or flowers outside the **building** and caused by an insured peril.

46. LAND AND WATER POLLUTANT CLEAN UP EXPENSES

Notwithstanding the pollution exclusion 2.15. provided in the Building and/or Contents - Broad Form, this Form is extended to cover expenses incurred for the **clean up** of **pollutants** from land or water at the **premises**, provided the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants**:

46.1. arises directly from loss or damage due to an insured peril to insured property at the **premises**; and

46.2. is sudden, unexpected and unintended from the standpoint of the Insured; and

46.3. first occurs during the policy period.

Reporting Period

It is a condition precedent to recovery under this Extension that all expenses insured by this Extension must be incurred and reported to the Insurer within 365 days of the spill, discharge, emission, dispersal, seepage, leakage, release, migration or escape of **pollutants** for which **clean up** expenses are being claimed.

Limit of Insurance

The maximum amount of insurance under this Extension during any one annual policy period shall not exceed in the aggregate, the amount of insurance specified in the Summary of Coverages for this Extension under Section 3.

No automatic reinstatement

Notwithstanding the Reinstatement Clause in the General Conditions Form to which this Form is attached, the amount of insurance specified for this Extension will be reduced, following a loss, by the amount payable.

This Extension of coverage does not apply to:

46.4. expenses for **clean up** away from or beyond the **premises** resulting from any spill, discharge, emission, dispersal, leakage, seepage, migration, release or escape of **pollutants**, even if the **pollutants** emanated from the **premises**;

46.5. expenses for **clean up** of any spill, discharge, emission, dispersal, leakage, seepage, migration, release or escape of **pollutants** that began before the effective date of the policy;

46.6. fines, penalties, punitive or exemplary damages;

46.7. expenses incurred for the **clean up** of **pollutants** at or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste.

Other Insurance

The insurance afforded by this Extension shall apply as excess over any other valid and collectible insurance available to the Insured or any other interested party, unless the Insured has no other valid and collectible insurance, in which case this policy shall be primary.

47. MONEY AND SECURITIES

This Form is extended to cover **money** and **securities** used in and incidental to the Insured's business (as evidenced by the Insured's account records) while on the **premises** of the Insured as specified on the Declaration Page(s) or away from such **premises** while being carried or held strictly incidentally to the Insured's business.

Money means currency, coins, bank notes and bullion.

Securities means all negotiable and non-negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens, and tickets, but does not include **money** or digital currency.

The insurance afforded by this Extension shall apply as excess over any other valid and collectible insurance available to the Insured or any other interested party, unless the Insured has no other valid and collectible insurance, in which case this Extension shall be primary.

48. NEWLY ACQUIRED CONTENTS

This Extension is only applicable if **contents** are insured under this policy.

This Form is extended to cover newly acquired **stock** and **equipment.**

This coverage attaches at the time of the acquisition and extends:

48.1. for a period of 30 days; or

48.2. to the date of endorsement of this Form adding such **stock** and **equipment**; or

48.3. **until** the expiry date of this policy;

whichever occurs first.

49. NEWLY ACQUIRED LOCATION

This Form is extended to cover **buildings** and **contents** at any newly acquired location, other than any location(s) already described on the Declaration Page(s), that is owned, rented or controlled by the Insured for the purposes stated on the Declaration Page(s).

This coverage attaches at the time of the acquisition and extends:

49.1. for the number of days shown in the Summary of Coverages for this Extension under Section 3.; or

49.2. to the date of endorsement of this form adding such location; or

49.3. until the expiry date of this policy;

whichever occurs first.

50. NEW GENERATION

This Form is extended to cover any increase in the replacement cost of **equipment** which has been lost or damaged as a direct result of perils Insured against and which the Insured elects to replace with **equipment** of a newer generation, provided that the replacement equipment performs the same function and is of like quality as that lost or destroyed.

Coverage will only apply in the event of the total loss of the insured property. In case of a partial loss to the insured property, the basis of settlement will be applied according to the terms elsewhere in this Form.

51. OFFICE BUSINESS CONTENTS

This Form is extended to cover loss or damage to **office business contents** at the location described on the Declaration Page(s).

This Extension does not apply to:

51.1. **valuable papers and records;**

51.2. fine arts; including paintings, etchings, pictures, tapestries and other bona fide works of art such as valuable rugs, statuary, marbles, bronzes, antique furniture, books, antique silver, manuscripts, porcelains, glass and bric-a-brac, that are rare, are of historical value or that are of artistic merit.

Office business contents means generally all contents usual to the Insured's business including computer equipment, furniture, furnishings, fittings, fixtures, machinery, tools, utensils and appliances other than **building** or **stock.**

Valuable Papers and Records means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts and electronically stored records.

52. PEAK SEASON INCREASE

The amount of Insurance for Contents insured under this Policy shall be automatically increased by 25% to provide for seasonal variations. However, this increase shall not apply unless the amount of insurance for Contents is 100% or more of the Insured's average monthly values for the 12 months immediately preceding the latest effective date, or in the event the Insured has been in business for less than 12 months, such shorter period of time.

53. PRECIOUS METALS

Notwithstanding exclusion 1.6. Money, Precious Metals and Securities, of the Building and/or Contents - Broad Form, this Form is extended to cover bullion, platinum, or other precious metals or alloys used for commercial, professional or industrial purposes in the business of the Insured.

54. PROPERTY IN TRANSIT

This Form is extended to cover insured property while in transit, other than unscheduled tools, anywhere in the world, for any one loss caused by an insured peril.

Loading and Unloading

Coverage is extended to include direct physical loss or damage to insured property while being loaded or unloaded from a vehicle.

Additional Conditions:

54.1. coverage during loading shall not attach until the insured property is in the custody of the Insured or a common carrier or contract carrier for the purpose of transport;

54.2. coverage during unloading shall cease when the insured property leaves the custody of the Insured or a common carrier or contract carrier.

55. PROPERTY LEASED, RENTED OR LOANED

Notwithstanding exclusion 1.10. of the Building and/or Contents - Broad Form, this Form is extended to cover insured property while leased, rented, loaned or entrusted to others for a period not exceeding thirty (30) days. This Extension of coverage is not applicable to commercial businesses whose main source of income consists of leasing property to other individual or entities.

56. REMOVAL

If any of the insured property is necessarily removed from the **premises** to prevent loss of or damage to or further loss of or damage to such property, that part of the insurance under this Form that exceeds the amount of the Insurer's liability for any loss already incurred shall, for 60 days only, or for the unexpired term of the policy if less than 60 days, insure the property removed and any property remaining at the **premises** in the proportions which the value of the property in each of the locations bears to the value of the property in them all.

57. ROADWAYS, WALKWAYS AND PARKING LOTS

This Form is extended to cover loss or damage to roadways, walkways, parking lots, other exterior paved surfaces, retaining walls or permanently installed landscape structures on the **premises** outside the **building**.

58. SYSTEM SOFTWARE ERASURE

In the event that:

58.1. electronic recordings, upon which production machinery or inventory control systems at the **premises** are dependent, or

58.2. electronic recordings of **data** pertaining to the movable property of others stored or transported by the insured;

are disturbed or erased by artificial electric or magnetic currents, this Form is extended to cover the extra expense necessarily incurred to reprogram or replace such recordings.

Limit of Insurance

The maximum amount of insurance under this Extension during any one annual policy period shall not exceed in the aggregate, the amount of insurance specified in the Summary of Coverages for this Extension under Section 3.

No coverage is provided for:

58.3. Errors or omissions in **data** entry or programming.

58.4. Damage caused by computer viruses, malware or any form of malicious code.

Clause 2.16., **Data Exclusion**, provided under the Building and/or Contents - Broad Form, does not apply to the coverage provided by this Extension.

59. UNSCHEDULED TOOL FLOATER

This Form is extended to cover loss of or damage to unscheduled portable tools caused by an insured peril.

60. WAREHOUSEMAN'S LEGAL LIABILITY

This Form is extended to cover the liability imposed by law upon the Insured as a warehouseman for direct physical loss of or damage to property of others while at the locations described on the Declaration Page(s).

In addition to this amount, the Insurer will pay expenses incurred for defence costs and related expense, and any accrued interest after entry of judgment upon that part of the judgment which is within the applicable amount of Insurance.

This Extension does not insure:

60.1. any liability assumed by the Insured beyond the liability imposed by law in the absence of a contract or agreement;

60.2. the loss of perishable merchandise caused by or resulting from a partial or total electrical failure of a refrigeration or heating system.

SPECIAL PROVISIONS

The Special Provisions Section of the BUILDING AND/OR CONTENTS - BROAD FORM, is amended as follows:

Section 5. Basis of Valuation, is deleted and replaced by the following:

5. BASIS OF VALUATION - REPLACEMENT COST

The value of the Insured property shall be determined as follows:

5.1. unsold **stock**: the **replacement cost** of the property at the time and place of loss or damage, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;

5.2. sold **stock**: the selling price after allowance for discounts;

5.3. obsolete or used **stock**: on the basis of actual cash value;

5.4. property of others in the custody or control of the Insured for the purpose of performing work upon it: the amount for which the Insured is liable, but not exceeding the **actual cash value** at the time and place of loss or damage plus allowance for labour and materials expended to such time;

5.5. tenant's improvements:

5.5.1. if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended, but not exceeding the replacement cost of the tenant's improvements at the time and place of loss or damage;

5.5.2. if not repaired or replaced with due diligence and dispatch, that portion of the original cost of the lost or damaged tenant's improvements which the unexpired term of the lease at the time of loss or damage bears to the period(s) from the date(s) such tenant's improvements were made to the expiration date of the lease;

5.6. business records, including those which exist on electronic or magnetic media (other than pre-packaged software programs):

5.6.1. the cost of blank materials for reproducing the records; and

5.6.2. the costs of labour to transcribe or copy the records when there is a duplicate;

5.7. **buildings**: Loss shall be settled on the basis of **replacement cost**;

5.8. all other insured property under this Form and for which no more specific conditions have been set out: the **replacement cost** at the time and place of loss or damage, but not exceeding what it would then cost to repair or replace with material of like kind and quality;

5.9. glass including any lettering, ornamentation or burglar alarm foil thereon, shall be settled on the basis of **replacement cost**, including:

5.9.1. repairing or replacing frames immediately encasing and contiguous to such damaged glass when necessary;

5.9.2. installing temporary plates in or boarding up openings containing such glass when necessary because of unavoidable delay in repairing or replacing such damaged glass;

5.9.3. removing or replacing any obstruction, other than window displays, when necessary in replacing such damaged glass, lettering or ornamentation;

5.10. patterns, dies, moulds: **replacement cost**, only if they have been used in production within 24 months from the time of loss or damage.

Actual cash value: Various factors shall be considered in the determination of actual cash value. The factors to be considered shall include, but not be limited to, **replacement cost** less any depreciation and market value. In determining depreciation, consideration shall be given to the condition of the property immediately before the damage, the resale value, the normal life expectancy of the property and obsolescence.

5.11. **Replacement cost** means whichever is the least of the cost of replacing, repairing, constructing or reconstructing the property on the same site with new property of like kind and quality and for like occupancy without deduction for depreciation. Wherever in this coverage the Insurer agrees to make settlement on the basis of replacement cost, such agreement shall only apply subject to the following provisions:

5.11.1. replacement shall be effected by the Insured with due diligence and dispatch;

5.11.2. settlement on a replacement cost basis shall be made only when replacement has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such replacement;

5.11.3. any other insurance effected by or on behalf of the Insured in respect of the insured perils under this policy on the property to which this clause is applicable shall be on the basis of replacement cost as defined herein;

5.11.4. this clause applies separately to each items listed on the Declaration Page(s);

5.11.5. failing compliance by the Insured with any of the above provisions, settlement shall be made on the basis of actual cash value.

In the event that new property of like kind and quality is not obtainable, new property which is as similar as possible to that lost or damaged and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purposes of this clause.

Exclusions

This clause does not apply to:

5.11.6. paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelain, rare glassware, bric-a-brac or other articles of art, rarity or antiquity;

5.11.7. business records, including those which exist on electronic or magnetic media (other than pre-packaged software program);

5.11.8. any increase in the cost of replacement occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law;

5.11.9. property that is obsolete or that has not been maintained in good or workable condition.

5.12. Any coinsurance calculation shall be based on a valuation of **replacement cost.**

The following clauses are added to the Special Provisions:

9. NOTICE OF CANCELLATION/TERMINATION AMENDMENT

Applicable to policies for provinces and territories other than Québec

Except for: (i) cancellations for non-payment of premium, and/or (ii) a written notice of termination personally delivered to the Insured, the number of day notice by the Insurer as stated in the Notice of Cancellation or Termination clause(s) contained in this policy is amended to 60 days.

Applicable to Québec policies

It is agreed that the 30-day prior cancellation notice, provided under paragraph 28.2 of the CANCELLATION Section under the General Conditions form to which this wording is attached, is increased from 30 to 60 days, and that therefore paragraph 28.2 now reads as follows:

28. THIS POLICY MAY BE CANCELLED AT ANY TIME:

28.2. By the Insurer giving written notice to each of the Named Insured, at their last known address, at least 15 days before the effective date of cancellation by reason of non payment of premium or 60 days before the effective date of cancellation for any other reason. Cancellation takes effect 15 or 60 days after receipt of the written notice, depending upon the reason for cancellation. The Named Insured is entitled to a refund of the excess premium actually paid over the pro-rata premium for the expired time. If the premium is subject to adjustment or determination as to amount, the refund shall be made as soon as practicable.

10. TERRITORIAL LIMITS

Except as otherwise provided, this Form only covers property within Canada and the United States of America.

11. WAIVER OF DEDUCTIBLE FOR A MAJOR LOSS

Except for covered loss or damage caused by earthquake, sewer back-up, flooding and any other type water damage, the deductible limit stated on the Declaration Page(s) does not apply if the amount of the indemnity is higher than $250,000.

All other terms and conditions of the policy remain unchanged.

BUSINESS INTERRUPTION EXTENSION 2.0

SUMMARY OF COVERAGES

Item	Extensions of Coverage	Amount of Insurance per occurrence ($)
1.	Contingent Loss of Income – Contributing/Recipient Property	25,000
2.	Contingent Loss of Income – Neighbouring premises	25,000 or 90 days (highest amount)
3.	Extra Expenses	50,000
4.	Fines, Damages or penalties for Breach of Contract	25,000
5.	Interruption by Civil Authority	30 days
6.	Mortgage Rate Guarantee	50,000
7.	Newly Acquired Property	90 days
8.	Off-Premises Service Interruption	100,000
9.	Product Research & Development Business Income Extension	25,000
10.	Professional Fees	10,000
11.	Tenant's Leasehold Interest – Rents	50,000

The Coverages and Limits of Insurance shown under the Summary of Coverages in this Form only apply if a Business Interruption Insurance Form is attached to this policy.

Certain words and phrases in bold font have special meaning as defined in the DEFINITIONS Section contained in the Form to which this Form is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

In the event that coverage provided under any Extension in this Form is more specifically and separately insured elsewhere in this policy, then only the relevant Extension with the highest limit shall apply.

In addition, if the Limit of Insurance specified in the Summary of Coverages in this Form and the Limit of Insurance shown on the Declaration Page(s) are different, the highest limit will apply.

The following Extensions are subject to all terms, conditions, exclusions, stipulations and provisions applicable to the Business Interruption Insurance Form attached to this policy, unless stated otherwise.

1. Contingent Loss of Income – Contributing/Recipient Property

This Form is extended to cover loss of business income resulting from the necessary interruption of or interference with the business of the Insured caused by direct physical loss or direct physical damage by an insured peril occurring during the term of the policy to property situated:

1.1. at the premises of a recipient property, being property to which the Insured's products are being shipped, which wholly or partially prevents the acceptance of products produced or sold by the Insured; or

1.2. at the premises of a contributing property, being a supplier(s) of materials to the Insured, which wholly or partially prevents the delivery of materials to the Insured, excluding:

1.2.1. public utility suppliers such as electricity or gas; or

1.2.2. cable, satellite or other communications suppliers;

1.3. at the premises of the provider of internet access services to the Insured, which wholly prevents the transmission of data.

This Extension applies only to contributing/recipient properties situated in Canada or in the United States of America.

2. Contingent Loss of Income – Neighbouring premises

This Form is extended to cover loss of business income resulting from interruption of or interference with the business in consequence of direct physical loss or direct physical damage by an insured peril to property on the same premises, or in neighbouring premises to the Insured, that prevents or hinders the use of or access to the **premises** or property of the Insured, whether the Insured's **premises** or property are damaged or not.

The amount payable under this Extension shall be the highest of the amount of insurance stated in the Summary of coverages or the amount of loss of income incurred for the number of days specified in this Summary of coverages.

3. Extra Expenses

This Form is extended to cover **extra expenses** necessarily incurred by the Insured during the **restoration period** to maintain, as much as possible, the **normal** activities of the business after an insured loss affecting the **buildings** or their **contents.**

This Extension includes the actual loss as insured by this Form during the period of time, not exceeding thirty (30) days, while access to the **premises** is prohibited by order of civil authority as a direct result of damage to neighbouring premises by an insured peril.

The following expenses are not covered under any circumstances:

3.1. loss of income;

3.2. extra expense in excess of that necessary to continue as nearly as practicable the **normal** conduct of the Insured's business;

3.3. cost of repairing or replacing damaged property, except cost in excess of the **normal** cost of such repairs or replacements necessarily incurred to reduce the total amount of **extra expenses.**

Extra expenses means the excess (if any) of the total cost during **the restoration period** for the purpose of continuing the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred. This will include the cost of using the property of others, or other similar and necessary emergency expenses. Any salvage value of such property remaining after resumption of **normal** operations shall be taken into consideration in the adjustment of an insured loss.

Normal means the condition which would have existed had no loss occurred.

Restoration period means the period of restoration, commencing with the date of the loss and not limited by the expiration date of this policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the property as may be destroyed or damaged.

4. Fines, Damages or penalties for Breach of Contract

This Form is extended to cover such sums the Insured shall be legally liable to pay in discharge of fines, damages or penalties incurred solely for late or non-completion of orders in consequence of direct physical loss of or damage to Insured property from an insured peril.

1. Interruption by Civil Authority

This Form is extended to cover loss of business income during the period of time, not exceeding 30 days, while access to the **premises** is prohibited by order of civil authority, but only when such order is given as a direct result of direct physical loss of or damage to neighbouring premises by an insured peril.

2. Mortgage Rate Guarantee

This Form is extended to cover the increase in mortgage cost required as a result of direct physical loss of or damage to a **building** by an insured peril where loss or damage to such **building** is deemed to be total, and where the mortgagor at the time of the loss closes the existing mortgage, requiring a new mortgage at a higher, competitive rate of interest.

The new mortgage must be the same term, amortization, and interest rate option of the previous mortgage.

Indemnity shall be based on the difference between the mortgage rate in effect on the date of the loss and the new mortgage rate, based on the outstanding mortgage balance.

This Extension will continue:

2.1. for the duration of the existing mortgage period in effect at the time of the loss, until its expiry; or

2.2. until the Insured relinquishes title or interest in the **building**; or

2.3. for a period not exceeding 60 months;

whichever occurs first.

This coverage shall have full force and effect only if loss of or damage to the **building** is deemed to be total, and settlement of partial losses shall be made as if this Extension had not been in effect.

3. Newly Acquired Property

This Form is extended to cover loss of business income due to direct physical loss of or damage to any newly acquired **buildings** or **contents** by an insured peril, and that are owned, rented or controlled by the Insured, in Canada or the United States of America.

This coverage attaches at the time of the acquisition and extends:

3.1. for the number of days shown in the Summary of coverages; or

3.2. to the date of endorsement to this policy adding such location; or

3.3. until the expiry date of this policy;

whichever occurs first.

4. Off-Premises Service Interruption

This Form is extended to cover loss of business income arising from the interruption of business resulting from the direct physical loss of or damage to **stock** on the **premises** caused by a change of temperature or dampness or dryness of atmosphere, provided that such loss or damage results directly from an Insured peril to off-**premises** public utility generating plants, switching stations, substations, transformers and pumping stations, including underground transmission lines and pipes, that generate and supply electricity, water, gas or steam to the insured property.

Such damaged apparatus must be located within 100 kilometres of the location specified on the Declaration Page(s).

This coverage does not insure loss or damage arising from loss of or damage to overhead electrical transmission or distribution lines (or their supporting structures) that are off the **premises.**

This Extension of coverage shall apply only if the off-**premises** service interruption exceeds 24 consecutive hours. The Insured shall then be eligible to indemnity from the beginning of the service interruption.

5. Product Research & Development Business Income Extension

This Form is extended to cover loss of business income arising from a delay in the introduction of a new product or enhancement of an existing product, caused by direct physical loss of or damage from an insured peril to insured property that is directly related to the research and development of such products.

6. Professional Fees

This Form is extended to cover necessary and reasonable fees that the Insurer will pay to auditors, accountants, architects, surveyors, engineers or other professional consultants for producing or certifying particulars or details of the Insured's business that are required by the Insurer in the event of a claim.

This Extension applies only to such fees incurred in establishing the amount of a loss, liability for which is otherwise accepted by the Insurer.

This Extension of coverage does not apply to the fees and cost of public adjusters.

7. Tenant's Leasehold Interest – Rents

If, as a result of direct physical loss of or damage to insured property from an insured peril, the landlord terminates the lease in accordance with the conditions of the lease, this Extension to cover the difference between the higher rent at the new premises and the rent stipulated in the prior lease for:

7.1. the unexpired term of the prior lease; or

7.2. twenty-four (24) months from the date of loss;

whichever time period is shorter.

The difference shall be calculated on the basis that the new premises are of similar size, condition and location without allowances for improvement.

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Throughout this Form the word "Insured" refers to the Named Insured show in the Declaration Page(s). The word "Insurer" refers to the company providing this insurance.

The following Statutory Conditions and supplementary Additional Conditions apply to all coverages insured by this Policy (including fire), except where indicated.

Other words and phrases that appear in bold font have special meaning, as defined either in the Definitions Section of this Form or in the Liability or Property Coverage forms attached to this Policy.

For British Columbia, Alberta and Manitoba, Statutory Conditions 1., 6., 7., 8., 9., 10., 11., 12. and 13. apply only to property insurance.

For Northwest Territories, Nunavut, Saskatchewan and Yukon, Statutory Conditions 2., 6., 7., 8., 9., 10., 11., 12., 13. and 14. apply only to property insurance.

SECTION I – STATUTORY CONDITIONS (BRITISH COLUMBIA, ALBERTA AND MANITOBA)

1. MISREPRESENTATION

If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

2. PROPERTY OF OTHERS

The Insurer is not liable for loss or damage to property owned by a person other than the Insured unless:

2.1. otherwise specifically stated in the contract; or

2.2. the interest of the Insured in that property is stated in the contract.

3. CHANGE OF INTEREST

The Insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy and Insolvency Act* (Canada) or a change of title by succession, by operation of law or by death.

4. MATERIAL CHANGE IN RISK

4.1. The Insured must promptly give notice in writing to the Insurer or its agent of a change that is:

4.1.1. material to the risk; and

4.1.2. within the control and knowledge of the Insured.

4.2. If an Insurer or its agent is not promptly notified of a change under sub-paragraph 4.1. of this condition, the contract is void as to the part affected by the change.

4.3. If an Insurer or its agent is notified of a change under sub-paragraph 4.1. of this condition, the Insurer may:

4.3.1. terminate the contract in accordance with Statutory Condition 5; or

4.3.2. notify the Insured in writing that, if the Insured desires the contract to continue in force, the Insured must, within fifteen (15) days after receipt of the notice, pay to the Insurer an additional premium specified in the notice.

4.4. If the Insured fails to pay an additional premium when required to do so under sub-paragraph 4.3.2. of this condition, the contract is terminated at that time and Statutory Condition 5.2.1. applies in respect of the unearned portion of the premium.

5. TERMINATION OF INSURANCE

5.1. The contract may be terminated

5.1.1. by the Insurer giving to the Insured fifteen (15) days' notice of termination by registered mail or 5 days' written notice of termination personally delivered; or

5.1.2. by the Insured at any time on request.

5.2. If the contract is terminated by the Insurer,

5.2.1. the Insurer must refund the excess of premium actually paid by the Insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract; and

5.2.2. the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.

5.3. If the contract is terminated by the Insured, the Insurer must refund as soon as practicable the excess of premium actually paid by the Insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.

5.4. The fifteen (15) day period referred to in sub-paragraph 5.1.1. of this condition starts to run on the day the registered letter or notification of it is delivered to the Insured's postal address.

6. REQUIREMENTS AFTER LOSS

6.1. On the happening of any loss of or damage to insured property, the Insured must, if the loss or damage is covered by the contract, in addition to observing the requirements of Statutory Condition 9,

6.1.1. immediately give notice in writing to the Insurer;

6.1.2. deliver as soon as practicable to the Insurer a proof of loss in respect of the loss or damage to the insured property verified by statutory declaration;

6.1.2.1. giving a complete inventory of that property and showing in detail quantities and cost of that property and particulars of the amount of loss claimed;

6.1.2.2. stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes;

6.1.2.3. stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the Insured;

6.1.2.4. stating the amount of other insurances and the names of other Insurers;

6.1.2.5. stating the interest of the Insured and of all others in that property with particulars of all liens, encumbrances and other charges on that property;

6.1.2.6. stating any changes in title, use, occupation, location, possession or exposure of the property since the contract was issued; and

6.1.2.7. stating the place where the insured property was at the time of loss.

6.1.3. if required by the Insurer, give a complete inventory of undamaged property showing in detail quantities and cost of that property; and

6.1.4. if required by the Insurer and if practicable;

6.1.4.1. produce books of account and inventory lists;

6.1.4.2. furnish invoices and other vouchers verified by statutory declaration; and

6.1.4.3. furnish a copy of the written portion of any other relevant contract.

6.2. The evidence given, produced or furnished under sub-paragraph 6.1.3. and 6.1.4. of this condition must not be considered proofs of loss within the meaning of Statutory Conditions 12 and 13.

7. FRAUD

Any fraud or willfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

8. WHO MAY GIVE NOTICE AND PROOF

Notice of loss under Statutory Condition 6.1.1. may be given and the proof of loss under Statutory Condition 6.1.2. may be made:

8.1. by the agent of the Insured; if

8.1.1. the Insured is absent or unable to give the notice or make the proof; and

8.1.2. the absence or inability is satisfactorily accounted for; or

8.2. by a person to whom any part of the insurance money is payable, if the Insured refuses to do so or in the circumstances described in clause 8.1. of this condition.

9. SALVAGE

9.1. In the event of loss or damage to insured property, the Insured must take all reasonable steps to prevent further loss or damage to that property and to prevent loss or damage to other property insured under the contract, including, if necessary, removing the property to prevent loss or damage or further loss or damage to the property.

9.2. The Insurer must contribute on a prorated basis towards any reasonable and proper expenses in connection with steps taken by the Insured under sub-paragraph 9.1. of this condition.

10. ENTRY, CONTROL, ABANDONMENT

After loss or damage to insured property, the Insurer has:

10.1. an immediate right of access and entry by accredited representatives sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage; and

10.2. after the Insured has secured the property, a further right of access and entry by accredited representatives sufficient to enable them to appraise or estimate the loss or damage; but

10.2.1. without the Insured's consent, the Insurer is not entitled to the control or possession of the insured property; and

10.2.2. without the Insurer's consent, there can be no abandonment to it of the insured property.

11. IN CASE OF DISAGREEMENT

11.1. In the event of disagreement as to the value of the insured property, the value of the property saved, the nature and extent of the repairs or replacements required or, if made, their adequacy, or the amount of the loss or damage, those questions must be determined using the applicable dispute resolution process set out in the *Insurance Act*, whether or not the Insured's right to recover under the contract is disputed, and independently of all other questions.

11.2. There is no right to a dispute resolution process under this condition until:

11.2.1. a specific demand is made for it in writing; and

11.2.2. the proof of loss has been delivered to the Insurer.

12. WHEN LOSS PAYABLE

Unless the contract provides for a shorter period, the loss is payable within 60 days after the proof of loss is completed in accordance with Statutory Condition 6 and delivered to the Insurer.

13. REPAIR OR REPLACEMENT

13.1. Unless a dispute resolution process has been initiated, the Insurer, instead of making payment, may repair, rebuild or replace the insured property lost or damaged, on giving written notice of its intention to do so within 30 days after receiving the proof of loss.

13.2. If the Insurer gives notice under sub-paragraph 13.1. of this condition, the Insurer must begin to repair, rebuild or replace the property within 45 days after receiving the proof of loss, and must proceed with all due diligence to complete the work within a reasonable time.

14. NOTICE

14.1. Written notice to the Insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the Insurer in the province.

14.2. Written notice to the Insured may be personally delivered at, or sent by registered mail addressed to, the Insured's last known address as provided to the Insurer by the Insured.

SECTION II – STATUTORY CONDITIONS (NORTHWEST TERRITORIES, NUNAVUT, SASKATCHEWAN AND YUKON)

1. MISREPRESENTATION

If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge of the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

2. PROPERTY OF OTHERS

Unless otherwise specifically stated in the contract, the Insurer is not liable for loss or damage to property owned by any person other than the Insured, unless the interest of the Insured therein is stated in the contract.

3. CHANGE OF INTEREST

The Insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy Act** or change of title by succession, by operation of law, or by death.

* *Bankruptcy and Insolvency Act* (Canada) applies to Saskatchewan.

4. MATERIAL CHANGE

Any change material to the risk and within the control and knowledge of the Insured avoids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if he desires the contract to continue in force, he must, within fifteen (15) days of the receipt of the notice, pay to the Insurer an additional premium, and in default of such a payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.

5. TERMINATION

5.1. This contract may be terminated:

5.1.1. by the Insurer giving to the Insured fifteen (15) days' notice of termination by registered mail or five (5) days' written notice of termination personally delivered;

5.1.2. by the Insured at any time on request.

5.2. Where this contract is terminated by the Insurer:

5.2.1. the Insurer shall refund the excess of premium actually paid by the Insured over pro rata premium for the expired time, but, in no event, shall the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified; and

5.2.2. the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.

5.3. Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable, the excess of premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.

5.4. The refund may be made by money, postal or express company money order or cheque payable at par.

5.5. The fifteen (15) days mentioned in clause 5.1.1. of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.

6. REQUIREMENTS AFTER LOSS

6.1. Upon the occurrence of any loss of or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11:

6.1.1. forthwith give notice thereof in writing to the Insurer;

6.1.2. deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration:

6.1.2.1. giving a complete inventory of the destroyed and damaged property and showing in detail quantities, costs, actual cash value and particulars of amount of loss claimed;

6.1.2.2. stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes;

6.1.2.3. stating that the loss did not occur through any willful act or neglect or the procurement, means or connivance of the Insured;

6.1.2.4. showing the amount of other insurances and the names of other insurers;

6.1.2.5. showing the interest of the Insured and of all others in the property with particulars of all liens, encumbrances and other charges upon the property;

6.1.2.6. showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract;

6.1.2.7. showing the place where the property insured was at the time of loss;

6.1.3. if required, give a complete inventory of undamaged property and showing in detail quantities, cost, actual cash value;

6.1.4. if required and if practicable, produce books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.

6.2. The evidence furnished under clauses 6.1.3. and 6.1.4. of sub-paragraph 6.1. of the condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.

7. FRAUD

Any fraud or willfully false statement in a statutory declaration in relation to any of the above particulars, vitiates the claim of the person making the declarations.

8. WHO MAY GIVE NOTICE AND PROOF

Notice of loss may be given and proof of loss may be made by the agent of the Insured named in the contract in case of absence or inability of the Insured to give the notice or make the proof, and absence or inability being satisfactorily accounted for, or in the like case or if the Insured refuses to do so, by a person to whom any part of the insurance money is payable.

9. SALVAGE

9.1. The Insured, in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto.

9.2. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub-paragraph 9.1. of this condition according to the respective interests of the parties.

10. ENTRY, CONTROL, ABANDONMENT

After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisement or particular estimate of the loss or damage, but the Insurer is not entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.

11. APPRAISAL

In the event of disagreement as to the value of the property insured, the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under the Insurance Act before there can be any recovery under this contract whether the right to recover on the contract is disputed or not, and independently of all other questions. There shall be no right to an appraisal until a specific demand therefor is made in writing and until after proof of loss has been delivered.

12. WHEN LOSS PAYABLE

The loss is payable within 60 days after completion of the proof of loss, unless the contract provides for a shorter period.

13. REPLACEMENT

13.1. The Insurer, instead of making payment, may repair, rebuild or replace the property damaged or lost, giving written notice of its intention so to do within thirty (30) days after receipt of the proofs of loss.

13.2. In the event the Insurer shall commence to so repair, rebuild, or replace the property within 45 days after receipt of the proofs of loss and shall thereafter proceed with all due diligence to the completion thereof.

14. ACTION**

Every action or proceeding against the Insurer for the recovery of any claim under or by virtue of this contract is absolutely barred unless commenced within one year*** next after the loss or damage occurs.

** 14. Action is not applicable in Saskatchewan

*** Two years in Yukon Territory.

15. NOTICE

Any written notice to the Insurer may be delivered at, or sent by registered mail to the chief agency or head office of the Insurer in the Province. Written notice may be given to the Insured named in the contract by letter personally delivered to him or by registered mail addressed to him at his latest post office address as notified to the Insurer. In this condition, the expression **registered** means registered in or outside Canada.

SECTION III – ADDITIONAL CONDITIONS (APPLICABLE ONLY TO PROPERTY INSURANCE UNLESS NOTED OTHERWISE)

1. NOTICE TO AUTHORITIES

Where the loss is due to malicious mischief, burglary, robbery, theft, or attempted theft, or is suspected to be so due, the Insured shall give immediate notice thereof to the police or other authorities having jurisdiction.

2. NO BENEFIT TO BAILEE

It is warranted by the Insured that this insurance shall in no way insure directly or indirectly to the benefit of any carrier or other bailee.

3. PAIR AND SET

In the case of loss of or damage to any article(s), whether scheduled or unscheduled, which is (are) a part of a set, the measure of loss of or damage to such article(s) shall be a reasonable and fair proportion of the total value of the set, but in no event shall such loss or damage be construed to mean total loss of set.

4. PARTS

In the case of loss of or damage to any part of the insured property, whether scheduled or unscheduled, consisting, when complete for use, of several parts, the Insurer is not liable for more than the insured value of the part lost or damaged, including the cost of installation.

5. SUE AND LABOUR

It is the duty of the Insured in the event that any property Insured hereunder is lost to take all reasonable steps in and about the recovery of such property. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with the foregoing according to the respective interests of the parties.

6. BASIS OF SETTLEMENT

Unless otherwise provided, the Insurer is not liable beyond the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality.

7. SUBROGATION (ALL LINES OF INSURANCE)

The Insurer, upon making any payment or assuming liability for payment under this Policy, shall be subrogated to all rights of recovery of the Insured against others, and may bring action to enforce such rights. All rights of subrogation are waived against any corporation, firm, individual or other interest with respect to which insurance is provided by this Policy. The Insurer shall have the right to control such subrogation.

Where the net amount recovered, after deducting the costs of recovery, is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively.

Any release from liability entered into by the Insured prior to loss shall not affect the right of the Insured to recover.

Refer to Special Provisions applying to Condominium Corporations which follows.

8. ACTION (EXCLUDING NORTHWEST TERRITORIES, NUNAVUT, AND YUKON)

An action or proceeding against an Insurer in relation to a contract must be commenced, where required under legislation:

8.1. in the case of loss or damage to insured property, not later than two years after the date the Insured knew or ought to have known the loss or damage occurred; and

8.2. in any other case, not later than two years after the date the cause of action against the Insurer arose.

9. BREACH OF CONDITIONS

If the Insured does not comply with a condition of this insurance, any claim for subsequent loss or damage is not recoverable. The Insurer will not deny a claim for this reason if the Insured proves that the non-compliance neither caused nor worsened the loss or damage. Coverage will not be affected if the Insured fails to comply with a condition in part of the **premises** over which the Insured has no control.

Refer to Special Provision applying to Condominium Corporations which follows.

10. OTHER INSURANCE

The Insurer is not liable:

10.1. for more than the portion of any loss, destruction or damage covered by this Policy which the applicable limit of this Policy bears to the total amount of insurance covering against the peril of fire irrespective of whether or not such other insurance gives insurance in respect of the perils covered by this Policy, whether by endorsement thereto or otherwise;

10.2. where such other insurance does not insure against loss, destruction or damage by fire, for more than the excess (if any) of any loss or damage over the applicable limit of any other insurance which would attach if this insurance had not been effected.

Refer to Special Provision applying to Condominium Corporations which follows.

11. PROPERTY OF OTHERS

At the option of the Insurer, any loss may be paid to the Insured or adjusted with and paid to the customer or the owner of the property.

12. REINSTATEMENT

With the exception of losses that are subject to annual aggregate limits, any loss under this Form shall not reduce the limits of insurance.

13. VERIFICATION OF VALUES

The Insurer or its duly appointed representative shall be permitted at all reasonable times during the Policy Period, or within a year after termination or expiration, to inspect the insured property and to examine the Insured's books, records and such policies as relate to any insured property. Such inspection or examination shall not waive nor in any manner affect any of the terms or conditions of this Form.

14. EXAMINATION UNDER OATH

In the event of loss or damage to the insured property, the Insured shall submit to examination under oath or warrant to the truth and shall produce all documents required by the Insurer and shall permit copies thereof to be made.

15. CANADIAN CURRENCY CLAUSE (ALL LINES OF INSURANCE)

All limits of insurance, premiums and other amounts as expressed in this Policy are in Canadian currency.

SECTION IV – SPECIAL PROVISIONS APPLICABLE TO CONDOMINIUMS

1. **SUBROGATION**

This clause replaces **Additional Conditions 7.** above.

Subrogation shall be in accordance with the provisions of the provincial or territorial legislation under which the **Condominium Corporation** is constituted. If the legislation has no such provisions, subrogation is as stated in this clause.

The Insurer, upon making any payment or assuming liability for payment under this Form, shall be subrogated to all rights of recovery of the Insured against others and may bring action in the name of the Insured to enforce such rights. The Insurer shall have the right to control such subrogation.

Where the net amount recovered, after deducting the costs of recovery, is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively.

Except with respect to criminal or intentional acts or vehicle impact, the Insurer agrees with the Insured to waive its right of subrogation as to any claim against:

1.1. the **Condominium Corporation,** its Directors, Property Managers, agents and employees; and

1.2. the owner of a **unit** and, if residents of a the household of the owner of a **unit,** his or her **spouse,** the relatives of either and any other person under the age of 21 in the care of an owner of a **unit** or his or her **spouse.**

Independent contractors shall not be considered agents or employees of the **Condominium Corporation,** its Directors, Property Managers, or of the **unit** owners.

Any release from liability entered into by the Insured prior to loss does not affect the right of the Insured to recover.

2. **LOSS PAYABLE**

Loss, if any, shall be payable in accordance with the provisions of the legislation under which the **Condominium Corporation** is constituted. If the legislation has no such provisions, loss, if any, shall be payable as stated on the Declaration Page(s).

3. **BREACH OF CONDITION**

This clause replaces **Additional Conditions 9.** above:

If the **Condominium Corporation** does not comply with a condition of this insurance, any claim for subsequent loss or damage is not recoverable. The Insurer will not deny a claim for this reason if the **Condominium Corporation** proves that the non-compliance neither caused nor worsened the loss or damage.

Coverage will not be affected:

3.1. if the **Condominium Corporation** fails to comply with a condition in part of the **premises** over which the **Condominium Corporation** has no control; or

3.2. if the breach is committed by an owner of a **unit** or occupant without the knowledge or consent of the **Condominium Corporation.**

4. **WAIVER OF INSURER'S OPTION TO REPAIR**

Where, after a loss, a valid determination is made in accordance with provincial or territorial legislation not to repair or rebuild and any relevant statutory requirements in connection with such determination have been complied with, or where, by virtue of such legislation, the court has made an order directing the application of insurance monies, the Insurer waives its option to repair and settlement of the loss shall be on an actual cash value basis.

5. **TERMINATION**

In those jurisdictions where provincial or territorial legislation under which the **Condominium Corporation** is constituted prescribes different policy termination conditions from those contained in the Statutory Conditions or Special Provisions of this Policy, such prescribed provincial or territorial conditions shall apply.

6. **OTHER INSURANCE**

This clause replaces **Additional Conditions 10.** above:

If at the time of the loss there is other insurance in the name of the **Condominium Corporation** insuring the property described in this Form (whether collectible or not), the Insurer shall be liable for no greater proportion of any loss than the amount of insurance under this Form bears to the whole amount of insurance covering such property or as in accordance with provincial or territorial legislation applicable to Other Insurance.

SECTION V – GENERAL LIABILITY CONDITIONS

If any portion of these Conditions is found to be invalid, unenforceable or contrary to statute, the remainder shall remain in full force and effect.

1. **NOTICE OF CLAIM OR SUIT**

Upon the happening of an accident or **occurrence** that may give rise to a claim under this Policy, the Insured shall give notice of such accident or **occurrence** to the Insurer as soon as practicable after notice has been received by an officer of the Insured.

Such notice shall contain all available information pertaining to such accident or **occurrence** that is obtainable at the time.

If a claim is made or suit is brought against the Insured, the Insured shall immediately forward to the Insurer every demand, notice, summons or other process received by the Insured or the Insured's representatives.

2. **ASSISTANCE AND COOPERATION**

The Insured shall cooperate with the Insurer and, upon the Insurer's request, assist in making settlements in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the Insured because of injury or damage with respect to which insurance is afforded under this Policy; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

3. **ASSUMPTION OF LIABILITY**

The Insured shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expenses other than for first aid to others at the time of accident.

4. **ACTION AGAINST INSURER**

No action shall lie against the Insurer unless, as a condition precedent, to such action there shall have been full compliance with all of the terms of this Policy. In addition, no action shall lie against the Insurer until the amount of the Insured's obligation to pay shall have been finally determined either by judgement against the Insured after actual trial, or by written agreement of the Insured, the claimant and the Insurer. The Insurer shall not be liable for **compensatory damages** that are not payable under the terms of this Policy or that are in excess of the applicable limit of insurance.

Unless another time limit is specified to the contrary in any Canadian province's Insurance Act governing this Policy, every action or proceeding against the Insurer shall be commenced within one year of the date of such judgement or written agreement and not afterwards. The sole venue for coverage legal action related to this Policy shall be a Superior Court in Canada.

Nothing contained in this Policy shall give any person or organization any right to join the Insurer as a co-defendant in any action against the Insured to determine the Insured's liability.

Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Insurer of any of its obligations under this Policy.

Every action or proceeding against an insurer for the recovery of insurance money payable under contract is absolutely barred unless commenced within the time set out in the Insurance Act or other applicable legislation.

5. PREMIUM AND ADJUSTMENT OF PREMIUMS

5.1. Unless indicated as "Flat rate premium", the premium stated in the Declaration Page(s) for this Form is an estimated deposit premium only. Adjustment of premium shall be made at least annually and for this purpose the premium basis and rates shown in the Declaration Page(s) for this Form as "Basis of premium adjustment" shall be used in ascertaining the earned premium.

5.2. In the case of any hazards existing and covered under coverage rider(s) attached but not specified in the Declaration Page(s), or in any endorsement, the earned premium shall be computed in accordance with the Insurer's rules, rates, rating plans and minimum premiums applicable to such hazards.

5.3. Subject to the retention by the Insurer of the amount stated in the Declaration Page(s) for this Form as "Minimum annual premium", if the earned premium for this Policy thus computed exceeds the estimated deposit premium paid, the Insured shall pay such excess to the Insurer; on the other hand, if the estimated deposit premium exceeds the earned premium, the Insurer shall return to the Named Insured such excess.

5.4. The Named Insured shall maintain for each hazard insured against, a record of the information necessary for premium computation on the basis stated and shall submit such record to the Insurer at the end of the Policy Period and at such other times during the Policy Period as the Insurer may direct.

6. INSPECTION AND AUDIT

6.1. The Insurer shall be permitted, but is not obligated, to inspect the Insured's property and operations. Neither the Insurer's right to inspect nor reporting based on such inspections shall constitute an undertaking on behalf of or for the benefit of the Insured or others to determine or warrant that such property or operations are safe.

6.2. The Insurer may examine and audit the Insured's books and records at any time during the Policy Period and extensions of the Policy Period and within three years after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

7. OTHER INSURANCE

The Insurer shall not be liable if at the time of an accident or **occurrence** covered by this Policy there is any other insurance that would have attached if this insurance had not been effected, and this insurance shall specifically exclude losses covered by such other valid insurance. This insurance shall apply only as excess insurance and in no event as contributing insurance and then only after all such other insurance has been exhausted.

The Insurer acknowledges the existence of any Policies arranged to apply in excess of the insurance provided by this Policy and it is agreed that notwithstanding anything contained in this Condition the insurance provided by such excess Policies shall be considered as excess and non-contributing insurance insofar as the insurance provided under this Policy is concerned and shall be held to attach and cover only after the insurance under this Policy has been exhausted.

8. SUBROGATION

8.1. Applicable to **underlying insurance**

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the Insured's rights of recovery against any third party except where the amount of settlement exceeds the amount provided in aggregate by this Policy and any other valid and collectible insurance in which case the Insured shall be entitled to all recovery until such excess has been made good to the Insured. The Insured shall execute all papers required and shall do everything necessary within his power to secure such rights.

8.2. Applicable to umbrella insurance

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this insurance shall be applied as if recovered or received prior to such settlement. All necessary adjustments shall be made between the Insured and the Insurer, provided always that nothing in this clause shall be construed to mean that losses under this insurance are not recoverable until the Insured's **ultimate net loss** has been finally ascertained. In as much as this Policy is umbrella-type excess coverage, the Insured's right of recovery against any person or other entity cannot always be exclusively subrogated to the Insurer. It is therefore understood and agreed that, in case of any payment under this Policy, the Insurer shall act in concert with all other interests concerned (including the Insured) in the exercise of such rights of recovery. The apportioning of any amounts that may be so recovered shall follow the principle that any other insurer or the Insured that shall have paid an amount over and above any payment under this Policy shall first be reimbursed up to the amount paid by them. The Insurer shall then be reimbursed of out of any balance then remaining up to the amount paid under this Policy. Lastly, the interests of any insurer and the Insured of which this coverage is excess are entitled to claim the residue, if any. Expense necessary to the recovery of any such amounts shall be apportioned between the insurers and the Insured concerned, in the ratio of their respective recoveries as finally settled.

9. CANCELLATION - TERMINATION

9.1. This Policy may be cancelled at any time at the request of the Named Insured, and the Insurer shall, upon surrender of the Policy, refund the excess of paid premium above the earned premium computed in accordance with the customary short rate table and procedure for the time the Policy has been in force.

9.2. This Policy may be cancelled or terminated:

9.2.1. In the event of cancellation for non-payment of premium, this Policy may be cancelled by the Insurer giving to the Insured fifteen (15) days notice in writing of cancellation by registered post, or five (5) days notice in writing of cancellation personally delivered;

9.2.2. In the event of cancellation for any reason other than non-payment of premium, at any time by the Insurer giving to the Named Insured thirty (30) days notice in writing of cancellation by registered post, and refunding the excess of paid premium beyond the earned premium computed pro rata for the expired time. Repayment of excess premiums may be made by money, post office order, postal note or cheque. Such payment shall accompany the notice;

9.3. This Policy may be cancelled or terminated by the Named Insured at any time on written request.

9.4. Where the Policy is terminated by the Insurer:

9.4.1. and where the premium is developed on other than an estimated basis, the Insurer will refund the excess of the paid premium for the time the Policy has been in force, calculated pro rata; or

9.4.2. where the premium is developed on an estimated basis, the Insurer will refund the excess of the premium above the premium earned, when determined.

9.5. Where the Policy is terminated by the Named Insured:

9.5.1. and where the premium is developed on other than an estimated basis, the Insurer will refund the excess of the paid premium above the short rate premium for the time the Policy has been in force calculated in accordance with the short rate premium table in use by the Insurer, subject to the retention of any minimum retained premium, provided by the Policy; or

9.5.2. where the premium is developed on an estimated basis, the Insurer will refund the excess of the paid premium above the premium earned, when determined, subject to the retention of any minimum retained premium, provided by the Policy.

9.6. Refund of premium may be made by money, postal or express company money order or by cheque payable at par.

9.7. The thirty (30) days and fifteen (15) days notice of cancellation by registered post referred to in sub-paragraphs 9.2.1. and 9.2.2. commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.

9.8. Premium adjustment may be made at the time cancellation is effected and if not then made shall be made as soon as practicable after cancellation becomes effective but payment or tender of unearned premium is not a condition of cancellation.

9.9. In this condition the expression "paid premium" means premium actually paid by the Insured to the Insurer and does not include any premium or part thereof paid to the Insurer by an Agent unless actually paid to the Agent by the Insured.

10. WAIVER

No notice to any Agent or knowledge possessed by any Agent or by any other person shall be held to effect a waiver or change in any part of this Policy. The terms of this Policy shall not be waived or changed except by endorsement issued to form a part of this Policy.

11. ASSIGNMENT

Assignment of interest under this Policy shall not bind the Insurer until their consent is endorsed on this Policy, except through change of title by succession, death or proceedings under any bankruptcy act.

12. SPECIAL STATUTES

If any condition of this Policy, relating to limitation of time for notice of accident or for instituting legal proceedings, is at variance with any specific statutory provision in the province in which the accident occurs such statutory provision shall be substituted for such condition.

13. CROSS LIABILITY AND SEPARATION OF INSUREDS

The insurance as is afforded by this Policy shall apply in respect to any claim or **action** brought against any one Insured by any other Insured. The coverage shall apply in the same manner and to the same extent as though a separate Policy had been issued to each Insured.

The inclusion under this Policy of more than one Insured shall not operate to increase the Limit of Liability under this Policy.

Any breach of a condition of this Policy by any Insured shall not affect the protection given by this Policy to any other Insured who is not, or was not, a party to such breach of condition.

14. DEDUCTIBLE CLAUSE

COVERAGE A

The Insured shall pay the amount stated in the Declaration Page(s) for this Form as Deductible or Deductible - U.S. Claims for each and every claim related to **property damage** under paragraph **1. INSURING AGREEMENT of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY** of the Commercial General Liability Max Form. If more than one claim arises or results from a single **occurrence,** the deductible amount shall only apply once.

15. REIMBURSEMENT CLAUSE

Applicable to COVERAGE A and to **personal injury** under COVERAGE B

In the event a claim payment is made by the Insurer, the Insured shall reimburse the Insurer with respect to all claims, legal fees and adjusting expenses combined in any one accident or **occurrence,** up to the Deductible amount stated in the Declaration Page(s) for this Form as **Reimbursement or Reimbursement - US Claims,** and the Insurer shall only be liable for loss, damage or expense in excess of that amount.

The terms of the Policy, including those with respect to notice of accident or **occurrence** and the Insurer's right to investigate, negotiate and settle any claim or suit, apply irrespective of the application of the reimbursement.

SECTION VI – DEFINITIONS

1. **Condominium Corporation** means a Corporation constituted under provincial or territorial legislation relating to condominiums or co-ownership by declaration. It refers to a strata corporation in British Columbia.
2. **Premises** means:
   - 2.1. the entire area within the property lines at the location(s) described in the Declaration Page(s) or at any newly acquired location, including:
     - 2.1.1. areas under adjoining sidewalks and driveways;
     - 2.1.2. in or on vehicles within 100 metres (328 feet) of such property lines described in 2.1.;
   - 2.2. in the open within 305 metres (1000 feet) of such property lines described in 2.1.
3. **Spouse** means a person:
   - 3.1. who is married to or has entered a civil union with another person and is living with that person;
   - 3.2. who has been living with another person of the opposite or of the same sex and has been publicly represented as that person's spouse for at least three years: or in the following cases, for at least one year if:
     - 3.2.1. a child has been born or is to be born of their union;
     - 3.2.2. they have adopted a child together.
4. **Unit** means the unit as defined in the declaration, description or bylaws of the **Condominium Corporation** or provincial or territorial legislation relating to condominiums or divided co-ownership. It refers to a strata lot in British Columbia.

SECTION VII – ADDITIONAL CONDITIONS (APPLICABLE ONLY TO BRITISH COLUMBIA, ALBERTA, MANITOBA, NORTHWEST TERRITORIES, NUNAVUT, SASKATCHEWAN AND YUKON)

Property Insured on a Blanket Basis

The following additional condition applies to the Building and/or Contents - Broad Form (BF02):

Item 1. of the BF02 Indemnity Agreement is deleted and is replaced by the following:

1. In the event that any of the insured property is lost or damaged during the Policy Period by an insured peril, the Insurer will indemnify the Insured for the actual amount of direct loss or damage so caused, to an amount not exceeding whichever is the least of:
   - 1.1. the value of the lost or damaged property as determined in SPECIAL PROVISIONS- Item 5. - Basis of Valuation, or if the Declaration Page(s) specifies that this Policy is endorsed with a Form that contains a Replacement Cost clause applicable to this Form, by the valuation determined in the replacement cost clause;
   - 1.2. the interest of the Insured in the property;
   - 1.3. the amount of insurance specified on the Declaration Page(s) for the lost or damaged property;
   - 1.4. in the case of property insured on a blanket basis, 115% of the total value(s) for each insured location subject to the schedule of property declared in a current Statement of Values that is filed with the Insurer within 90 days of the most recent renewal preceding insured loss or damage; less applicable deductibles.

The inclusion of more than one person or interest shall not increase the Insurer's liability.

SECTION VIII – ADDITIONAL CONDITION APPLICABLE TO BOTH LIABILITY AND PROPERTY (APPLICABLE TO BRITISH COLUMBIA, ALBERTA, MANITOBA, NORTHWEST TERRITORIES, NUNAVUT, SASKATCHEWAN AND YUKON)

1. TRADE AND ECONOMIC SANCTIONS

The Insurer shall not provide any coverage or be liable to provide any indemnity or payment or other benefit under this Policy if and to the extent that doing so would breach any **Prohibition.**

For the purposes of this Clause:

1. Prohibition means any prohibition or restriction imposed by law or regulation including but not limited to:

1.1. trade and/or economic sanctions laws and/or regulations of Canada, the United Kingdom, or any other jurisdiction or authority relevant to the parties; and

1.2. any activities that would be subject to a license requirement under those laws and/or regulations in respect of transit and/or export control, unless such license has been obtained prior to the activity commencing and the Insurer has approved the provision of insurance for the activity.

SECTION IX – SHORT RATE CANCELLATION TABLE

As per Statutory Condition 5, if this Policy is cancelled by the Insured, it will be subject to a short-rate cancellation formula as outlined in the following table. The minimum retained premium is the amount that is stated in the Declaration Page(s) for all parts of the Policy.

Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor
0	0.925	53	0.787	106	0.649	159	0.511	212	0.373	265	0.235	318	0.097
1	0.922	54	0.784	107	0.647	160	0.509	213	0.371	266	0.233	319	0.095
2	0.920	55	0.782	108	0.644	161	0.506	214	0.368	267	0.230	320	0.092
3	0.917	56	0.779	109	0.641	162	0.503	215	0.365	268	0.227	321	0.090
4	0.915	57	0.777	110	0.639	163	0.501	216	0.363	269	0.225	322	0.087
5	0.912	58	0.774	111	0.636	164	0.498	217	0.360	270	0.222	323	0.084
6	0.909	59	0.771	112	0.633	165	0.496	218	0.358	271	0.220	324	0.082
7	0.907	60	0.769	113	0.631	166	0.493	219	0.355	272	0.217	325	0.079
8	0.904	61	0.766	114	0.628	167	0.490	220	0.352	273	0.214	326	0.077
9	0.902	62	0.764	115	0.626	168	0.488	221	0.350	274	0.212	327	0.074
10	0.899	63	0.761	116	0.623	169	0.485	222	0.347	275	0.209	328	0.071
11	0.896	64	0.758	117	0.620	170	0.483	223	0.345	276	0.207	329	0.069
12	0.894	65	0.756	118	0.618	171	0.480	224	0.342	277	0.204	330	0.066
13	0.891	66	0.753	119	0.615	172	0.477	225	0.339	278	0.201	331	0.063
14	0.889	67	0.751	120	0.613	173	0.475	226	0.337	279	0.199	332	0.061
15	0.886	68	0.748	121	0.610	174	0.472	227	0.334	280	0.196	333	0.058
16	0.883	69	0.745	122	0.607	175	0.470	228	0.332	281	0.194	334	0.056
17	0.881	70	0.743	123	0.605	176	0.467	229	0.329	282	0.191	335	0.053
18	0.878	71	0.740	124	0.602	177	0.464	230	0.326	283	0.188	336	0.050
19	0.876	72	0.738	125	0.600	178	0.462	231	0.324	284	0.186	337	0.048
20	0.873	73	0.735	126	0.597	179	0.459	232	0.321	285	0.183	338	0.045
21	0.870	74	0.732	127	0.594	180	0.457	233	0.319	286	0.181	339	0.043
22	0.868	75	0.730	128	0.592	181	0.454	234	0.316	287	0.178	340	0.040
23	0.865	76	0.727	129	0.589	182	0.451	235	0.313	288	0.175	341	0.037
24	0.863	77	0.725	130	0.587	183	0.449	236	0.311	289	0.173	342	0.035
25	0.860	78	0.722	131	0.584	184	0.446	237	0.308	290	0.170	343	0.032
26	0.857	79	0.719	132	0.581	185	0.443	238	0.306	291	0.168	344	0.030
27	0.855	80	0.717	133	0.579	186	0.441	239	0.303	292	0.165	345	0.027
28	0.852	81	0.714	134	0.576	187	0.438	240	0.300	293	0.162	346	0.024
29	0.850	82	0.712	135	0.574	188	0.436	241	0.298	294	0.160	347	0.022
30	0.847	83	0.709	136	0.571	189	0.433	242	0.295	295	0.157	348	0.019
31	0.844	84	0.706	137	0.568	190	0.430	243	0.293	296	0.155	349	0.017
32	0.842	85	0.704	138	0.566	191	0.428	244	0.290	297	0.152	350	0.014
33	0.839	86	0.701	139	0.563	192	0.425	245	0.287	298	0.149	351	0.011
34	0.837	87	0.699	140	0.561	193	0.423	246	0.285	299	0.147	352	0.009
35	0.834	88	0.696	141	0.558	194	0.420	247	0.282	300	0.144	353	0.006
36	0.831	89	0.693	142	0.555	195	0.417	248	0.280	301	0.142	354	-
37	0.829	90	0.691	143	0.553	196	0.415	249	0.277	302	0.139	355	-
38	0.826	91	0.688	144	0.550	197	0.412	250	0.274	303	0.136	356	-
39	0.823	92	0.686	145	0.548	198	0.410	251	0.272	304	0.134	357	-
40	0.821	93	0.683	146	0.545	199	0.407	252	0.269	305	0.131	358	-
41	0.818	94	0.680	147	0.542	200	0.404	253	0.267	306	0.129	359	-
42	0.816	95	0.678	148	0.540	201	0.402	254	0.264	307	0.126	360	-
43	0.813	96	0.675	149	0.537	202	0.399	255	0.261	308	0.123	361	-
44	0.810	97	0.673	150	0.535	203	0.397	256	0.259	309	0.121	362	-
45	0.808	98	0.670	151	0.532	204	0.394	257	0.256	310	0.118	363	-
46	0.805	99	0.667	152	0.529	205	0.391	258	0.253	311	0.116	364	-
47	0.803	100	0.665	153	0.527	206	0.389	259	0.251	312	0.113	365	-
48	0.800	101	0.662	154	0.524	207	0.386	260	0.248	313	0.110	366	-
49	0.797	102	0.660	155	0.522	208	0.384	261	0.246	314	0.108		
50	0.795	103	0.657	156	0.519	209	0.381	262	0.243	315	0.105		
51	0.792	104	0.654	157	0.516	210	0.378	263	0.240	316	0.103		
52	0.790	105	0.652	158	0.514	211	0.376	264	0.238	317	0.100		

This is Exhibit "**25**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

Alan A Frydenlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
Emma Christian
Harleen K Randhawa
Yue Liu
Jennifer L Benton
Allison R Kuchta+
Ronald G Paton+
Gary M Yaffe+
Jonathan L Williams+
Paul A Brackstone+ *
Michelle Karby+
Kimberley J Santerre+
Katharina R Spotzl+
Nikta Shirazian+
Lina Yeom
Joshua F James
Isabella K Stuart
Yicong Li
Daniel W Burnett, KC+
Paul J Brown+
John J Kim+ *± *^
Michael F Robson+
Geoffrey M Bowman+ *
Kaitlin Smiley+
David W P Moriarty+ *±
Jean Feng+
Patrick J Weafer+
Victoria Chen
Brett J Maerz
Coco Wiens-Paris
Annalise MacDonald
Harvey S Delaney+
Patrick J Haberl+
Terence W Yu+
James H McBeath+
Scott H Stephens+
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John J Bird, QC (2005)

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* Also of the Yukon Bar
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Our File: 14719-0653

July 6, 2026

VIA REGISTERED and REGULAR MAIL

Novo Textile Company Ltd.
c/o 105 – 10 King Edward Street
Coquitlam, BC V3K 4S8

c/o 2130 – 955 Seaborne Avenue
Port Coquitlam, BC V3B 0R9

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 2900 – 475 Howe Street
Vancouver, BC V6C 2B3

c/o 10 Street King Edward Unit 105
Coquitlam, BC V3K 4S8

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). We are informed that you are in default of the obligations you owe to NBC, including by reason of failure to remit payments on time or at all, failure to deliver required reporting on time or at all, failure to satisfy required financial covenants, failure to provide evidence of insurance and failure to ensure your assets are not further encumbered. Accordingly, NBC is entitled to demand repayment of the indebtedness. We are informed that the following sets out the indebtedness as of July 2, 2026:

Facility/Secured Item	Outstanding Balance	Per Diem Interest
Line of Credit	$2,815,975.66	Fluctuating
Special Credit	$3,449,244.15	$468.04
Credit Card	$0.00	Fluctuating
Legal Fees	$3,500	N/A
Total	**$6,268,719.81**	

Demand is hereby made for the immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust," in the sum of $6,268,719.81 as of July 2, 2026 plus interest and fees accrued and costs incurred to and including the date funds are received in our offices (note that due to fluctuation of the indebtedness under the line of credit and

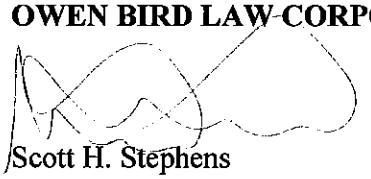
the credit card you will need to contact our office for updated payout information on the date of remittance). Any payment less than the full amount outstanding may be accepted by NBC, but such payments shall not vitiate this demand for payment in full and NBC reserves its right to take whatever steps it deems appropriate to recover the full amount owed notwithstanding such payments.

Unless we are in receipt of the aforementioned sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026, our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amounts owing plus costs. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Please find enclosed is a copy of our client's Notice of Intention to Enforce Security served upon you pursuant to s. 244 of the *Bankruptcy and Insolvency Act*.

Yours truly,

OWEN BIRD LAW CORPORATION



Scott H. Stephens
SHS/lg
Encl. Notice of Intention to Enforce Security

cc: client
cc: guarantors

FORM 86

Notice of Intention to Enforce Security
[Subsection 244(1)]

To: Novo Textile Company Ltd., Zanatta Seabourne Holdings Ltd. and Novo Holdings Co. Ltd. (collectively, the "insolvent person")

Take notice that:

1. National Bank of Canada (the "**Lender**"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All real and personal property interests of the insolvent person charged in favour of the Lender

2. The security that is to be enforced is the following:

   The mortgage, assignment of rents, security agreements, and all other security granted by the insolvent person to the Lender

3. The total amount of the indebtedness secured by the security is:

   $6,268,719.81 as of July 2, 2026 plus interest and fees accrued and costs incurred thereafter

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia this 6th day of July, 2026.

Solicitor for the Lender,
Scott H. Stephens

Name and Address of Solicitor for the Lender:

Scott H. Stephens, Owen Bird Law Corporation, PO Box 1, Vancouver Centre II, 2900 - 733 Seymour Street, Vancouver, BC V6B 0S6, Tel.: 604-691-7521.

ACKNOWLEDGEMENT, CONSENT AND WAIVER

THE UNDERSIGNED HEREBY:

1. Acknowledges receipt of the above Form 86 Notice;

2. Waives the ten-day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act*;

3. Waives all notice and cure provisions contained in the security referred to in the above Form 86 Notice; and

4. Consents to the immediate enforcement by the Lender of the security referred to in the above Form 86 Notice.

Executed **Novo Textile Company Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

Executed **Zanatta Seaborne Holdings Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

Executed **Novo Holdings Co. Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

This is Exhibit "**26**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for ~~taking~~ Affidavits within British Columbia

Alan A Frydenlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
Emma Christian
Harleen K Randhawa
Yue Liu
Jennifer L Benton
Allison R Kuchta+
Ronald G Paton+
Gary M Yaffe+
Jonathan L Williams+
Paul A Brackstone+ *
Michelle Karby+
Kimberley J Santerre+
Katharina R Spotzl+
Nikta Shiraziani+
Lina Yeom
Joshua F James
Isabella K Stuart
Yicong Li
Daniel W Burnett, KC+
Paul J Brown+
John J Kim+ *± *^
Michael F Robson+
Geoffrey M Bowman+ *
Kaitlin Smiley+
David W P Moriarty+ *±
Jean Feng+
Patrick J Weafer+
Victoria Chen
Brett J Maerz
Coco Wiens-Paris
Annalise MacDonald
Harvey S Delaney+
Patrick J Haberl+
Terence W Yu+
James H McBeath+
Scott H Stephens+
Andrew J Stainer+
Daniel H Coles+ *
Sameer Kamboj+
Laura A Buitendyk
Taahaa Patel
Lily Y Zhang
Tiffany Ho
Ekamjot Singh Deol

Garth M Evans, MB, KC, Associate Counsel
Duncan J Manson, Associate Counsel*
Jeffrey B Lightfoot, Associate Counsel*
Iman Hosseini, Associate Counsel*
Hon Walter S Owen, OC, QC, LLD (1981)
John I Bird, QC (2005)

+ Law Corporation
*± Also of the Alberta Bar
**± Also of the Ontario Bar
*^ Also of the NWT Bar
* Also of the Yukon Bar
** Also of the Washington Bar

OWEN·BIRD
LAW CORPORATION

Vancouver Centre II
2900-733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0653

July 6, 2026

VIA REGISTERED and REGULAR MAIL

SEE ATTACHED SERVICE LIST

Dear Sirs/Mesdames:

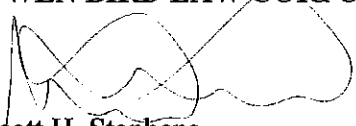
Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). NBC has exercised its right to demand repayment of the indebtedness of Novo Textile Company Ltd. and, accordingly, the indebtedness is now due and payable. The amount due is the sum of $6,268,719.81 as of July 2, 2026. Interest, fees and costs continue to accrue.

Demand is hereby made under your guarantee for immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust" for the amount due thereunder. Unless we are in receipt of the aforesaid sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026, our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amount owing under your guarantee. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Yours truly,

OWEN BIRD LAW CORPORATION



Scott H. Stephens
SHS/lg
Encl: demand letter to borrower and Notice of Intention to Enforce Security
cc: client

SERVICE LIST

Jason Michael Zanatta
c/o 105 – 1080 Fraser Mills Drive
Coquitlam, BC V3K 4S8

c/o 1571 Drive Harbour
Coquitlam, BC V3J 5V7

Zanatta Seaborne Holdings Ltd.
c/o 2130 – 955 Seabourne Avenue
Port Coquitlam, BC V3B 0R9

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 145 Street King Edward Apartment 105
Coquitlam, BC V3K 6L9

Novo Holdings Co. Ltd.
c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Zanatta Family Trust
c/o 1571 Drive Harbour
Coquitlam, BC V3J 5V7

Alan A Frydenlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
Emma Christian
Harleen K Randhawa
Yue Liu
Jennifer L Benton
Allison R Kuchta+
Ronald G Paton+
Gary M Yaffe+
Jonathan L Williams+
Paul A Brackstone+ *
Michelle Karby+
Kimberley J Santerre+
Katharina R Spotzl+
Nikta Shirazian+
Lina Yeom
Joshua F James
Isabella K Stuart
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Daniel W Burnett, KC+
Paul J Brown+
John J Kim+ *± *^
Michael P Robson+
Geoffrey M Bowman+ *
Kaitlin Smiley+
David W P Moriarty+ *±
Jean Feng+
Patrick J Weafer+
Victoria Chen
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Annalise MacDonald
Harvey S Delaney+
Patrick J Haberl+
Terence W Yu+
James H McBeath+
Scott H Stephens+
Andrew J Stainer+
Daniel H Coles+ *
Sameer Kamboj+
Laura A Buitendyk
Taahaa Patel
Lily Y Zhang
Tiffany Ho
Ekamjot Singh Deol

Garth M Evans, MB, KC, Associate Counsel
Duncan J Manson, Associate Counsel*
Jeffrey B Lightfoot, Associate Counsel*
Iman Hosseini, Associate Counsel*
Hon Walter S Owen, OC, QC, LLD (1981)
John I Bird, QC (2005)

+ Law Corporation
** Also of the Alberta Bar
**± Also of the Ontario Bar
*^ Also of the NWT Bar
* Also of the Yukon Bar
** Also of the Washington Bar

OWEN · BIRD
LAW CORPORATION

Vancouver Centre II
2900-733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0653

July 6, 2026

VIA REGISTERED and REGULAR MAIL

Novo Textile Company Ltd.
c/o 105 – 10 King Edward Street
Coquitlam, BC V3K 4S8

c/o 2130 – 955 Seaborne Avenue
Port Coquitlam, BC V3B 0R9

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 2900 – 475 Howe Street
Vancouver, BC V6C 2B3

c/o 10 Street King Edward Unit 105
Coquitlam, BC V3K 4S8

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). We are informed that you are in default of the obligations you owe to NBC, including by reason of failure to remit payments on time or at all, failure to deliver required reporting on time or at all, failure to satisfy required financial covenants, failure to provide evidence of insurance and failure to ensure your assets are not further encumbered. Accordingly, NBC is entitled to demand repayment of the indebtedness. We are informed that the following sets out the indebtedness as of July 2, 2026:

Facility/Secured Item	Outstanding Balance	Per Diem Interest
Line of Credit	$2,815,975.66	Fluctuating
Special Credit	$3,449,244.15	$468.04
Credit Card	$0.00	Fluctuating
Legal Fees	$3,500	N/A
Total	**$6,268,719.81**	

Demand is hereby made for the immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust," in the sum of $6,268,719.81 as of July 2, 2026 plus interest and fees accrued and costs incurred to and including the date funds are received in our offices (note that due to fluctuation of the indebtedness under the line of credit and

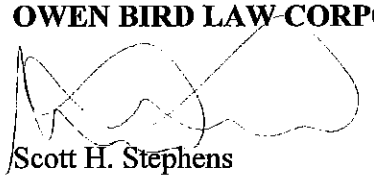
the credit card you will need to contact our office for updated payout information on the date of remittance). Any payment less than the full amount outstanding may be accepted by NBC, but such payments shall not vitiate this demand for payment in full and NBC reserves its right to take whatever steps it deems appropriate to recover the full amount owed notwithstanding such payments.

Unless we are in receipt of the aforementioned sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026, our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amounts owing plus costs. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Please find enclosed is a copy of our client's Notice of Intention to Enforce Security served upon you pursuant to s. 244 of the *Bankruptcy and Insolvency Act*.

Yours truly,

OWEN BIRD LAW CORPORATION



Scott H. Stephens
SHS/lg
Encl. Notice of Intention to Enforce Security

cc: client
cc: guarantors

FORM 86

Notice of Intention to Enforce Security
[Subsection 244(1)]

To: Novo Textile Company Ltd., Zanatta Seabourne Holdings Ltd. and Novo Holdings Co. Ltd. (collectively, the "insolvent person")

Take notice that:

1. National Bank of Canada (the "**Lender**"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All real and personal property interests of the insolvent person charged in favour of the Lender

2. The security that is to be enforced is the following:

   The mortgage, assignment of rents, security agreements, and all other security granted by the insolvent person to the Lender

3. The total amount of the indebtedness secured by the security is:

   $6,268,719.81 as of July 2, 2026 plus interest and fees accrued and costs incurred thereafter

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia this 6th day of July, 2026.

Solicitor for the Lender,
Scott H. Stephens

Name and Address of Solicitor for the Lender:

Scott H. Stephens, Owen Bird Law Corporation, PO Box 1, Vancouver Centre II, 2900 - 733 Seymour Street, Vancouver, BC V6B 0S6, Tel.: 604-691-7521.

ACKNOWLEDGEMENT, CONSENT AND WAIVER

THE UNDERSIGNED HEREBY:

1. Acknowledges receipt of the above Form 86 Notice;

2. Waives the ten-day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act*;

3. Waives all notice and cure provisions contained in the security referred to in the above Form 86 Notice; and

4. Consents to the immediate enforcement by the Lender of the security referred to in the above Form 86 Notice.

Executed **Novo Textile Company Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

Executed **Zanatta Seaborne Holdings Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

Executed **Novo Holdings Co. Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

This is Exhibit "**27**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

Alan A Fryderlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
Emma Christian
Harleen K Randhawa
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Allison R Kuchta+
Ronald G Paton+
Gary M Yaffe+
Jonathan L Williams+
Paul A Brackstone+ *
Michelle Karby+
Kimberley J Santerre+
Katharina R Spotzl+
Nikta Shirazian+
Lina Yeom
Joshua F James
Isabella K Stuart
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John J Kim+ *± **^
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Kaitlin Smiley+
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Duncan J Manson, Associate Counsel*
Jeffrey B Lightfoot, Associate Counsel*
Iman Hosseini, Associate Counsel*
Hon Walter S Owen, OC, QC, LLD (1981)
John I Bird, QC (2005)

\+ Law Corporation
*± Also of the Alberta Bar
**± Also of the Ontario Bar
** Also of the NWT Bar
* Also of the Yukon Bar
** Also of the Washington Bar

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LAW CORPORATION

Vancouver Centre II
2900-733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0656

July 6, 2026

VIA REGISTERED and REGULAR MAIL

Zanatta Seaborne Holdings Ltd.
c/o 2130 – 955 Seaborne Avenue
Port Coquitlam, BC V3B 0R9

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 145 Street Kind Edward Apartment 105
Coquitlam, BC V3K 6L9

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). We are informed that you are in default of the obligations you owe to NBC, including by reason of failure to remit payments on time or at all, failure to deliver required reporting on time or at all, failure to satisfy required financial covenants, failure to provide evidence of insurance and failure to ensure your assets are not further encumbered. Accordingly, NBC is entitled to demand repayment of the indebtedness. We are informed that the following sets out the indebtedness as of July 2, 2026:

Facility/Secured Item	Outstanding Balance	Per Diem Interest
Term Loan	$1,190,974.43	$78.47
Legal Fees	$3,500	N/A
Total	**$1,194,474.43**	

Demand is hereby made for the immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust," in the sum of $1,194,474.43 as of July 2, 2026 plus interest and fees accrued and costs incurred to and including the date funds are received in our offices. Any payment less than the full amount outstanding may be accepted by NBC, but such payments shall not vitiate this demand for payment in full and NBC reserves its right to take whatever steps it deems appropriate to recover the full amount owed notwithstanding such payments.

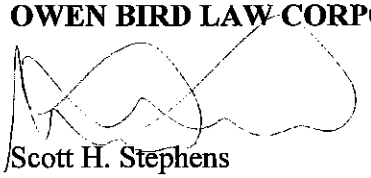
Unless we are in receipt of the aforementioned sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026,

our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amounts owing plus costs. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Please find enclosed a copy of our client's Notice of Intention to Enforce Security served upon you pursuant to s. 244 of the *Bankruptcy and Insolvency Act*.

Yours truly,

OWEN BIRD LAW CORPORATION



Scott H. Stephens
SHS/lg
Encl. Notice of Intention to Enforce Security

cc: client
cc: guarantors

FORM 86

Notice of Intention to Enforce Security
[Subsection 244(1)]

To: Zanatta Seaborne Holdings Ltd., Novo Textile Company Ltd. and Novo Holdings Co. Ltd. (collectively, the "insolvent person")

Take notice that:

1. National Bank of Canada (the "**Lender**"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All real and personal property interests of the insolvent person charged in favour of the Lender

2. The security that is to be enforced is the following:

   The mortgage, assignment of rents, security agreements, and all other security granted by the insolvent person to the Lender

3. The total amount of the indebtedness secured by the security is:

   $1,194,474.43 as of July 2, 2026 plus interest and fees accrued and costs incurred thereafter

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia this 6th day of July, 2026.

Solicitor for the Lender,
Scott H. Stephens

Name and Address of Solicitor for the Lender:

Scott H. Stephens, Owen Bird Law Corporation, PO Box 1, Vancouver Centre II, 2900-733 Seymour Street, Vancouver, BC V6B 0S6, Tel.: 604-691-7521.

ACKNOWLEDGEMENT, CONSENT AND WAIVER

THE UNDERSIGNED HEREBY:

1. Acknowledges receipt of the above Form 86 Notice;

2. Waives the ten-day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act*;

3. Waives all notice and cure provisions contained in the security referred to in the above Form 86 Notice; and

4. Consents to the immediate enforcement by the Lender of the security referred to in the above Form 86 Notice.

Executed **Zanatta Seaborne Holdings Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

Executed **Novo Textile Company Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

Executed **Novo Holdings Co. Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

This is Exhibit "**28**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

Alan A Frydenlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
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Michael F Robson+
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Kaitlin Smiley+
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Jean Feng+
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Victoria Chen
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Annalise MacDonald
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Patrick J Haberl+
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Scott H Stephens+
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* Also of the Yukon Bar
** Also of the Washington Bar

OWEN · BIRD
LAW CORPORATION

Vancouver Centre II
2900-733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0656

July 6, 2026

VIA REGISTERED and REGULAR MAIL

SEE ATTACHED SERVICE LIST

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). NBC has exercised its right to demand repayment of the indebtedness of Zanatta Seaborne Holdings Ltd. and, accordingly, the indebtedness is now due and payable. The amount due is the sum of $1,194,474.43 as of July 2, 2026. Interest, fees and costs continue to accrue.

Demand is hereby made under your guarantee for immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust" for the amount due thereunder. Unless we are in receipt of the aforesaid sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026, our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amount owing under your guarantee. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Yours truly,

OWEN BIRD LAW CORPORATION

Scott H. Stephens
SHS/lg
Encl: demand letter to borrower and Notice of Intention to Enforce Security
cc: client

INTERLAW MEMBER OF INTERLAW, AN INTERNATIONAL ASSOCIATION OF INDEPENDENT LAW FIRMS IN MAJOR WORLD CENTRES

SERVICE LIST

Jason Michael Zanatta
c/o 105 – 1080 Fraser Mills Drive
Coquitlam, BC V3K 4S8

c/o 1571 Drive Harbour
Coquitlam, BC V3J 5V7

Novo Textile Company Ltd.
c/o 105 – 10 King Edward Street
Coquitlam, BC V3K 4S8

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 10 Street King Edward Apartment 105
Coquitlam, BC V3K 4S8

Novo Holdings Co. Ltd.
c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Zanatta Family Trust
c/o 1571 Drive Harbour
Coquitlam, BC V3J 5V7

Alan A Frydenlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
Emma Christian
Harleen K Randhawa
Yue Liu
Jennifer L Benton
Allison R Kuchta+
Ronald G Paton+
Gary M Yaffe+
Jonathan L Williams+
Paul A Brackstone+ *
Michelle Karby+
Kimberley J Santerre+
Katharina R Spotzl+
Nikta Shirazian+
Lina Yeom
Joshua F James
Isabella K Stuart
Yicong Li
Daniel W Burnett, KC+
Paul J Brown+
John J Kim+ *± *^
Michael F Robson+
Geoffrey M Bowman+ *
Kaitlin Smiley+
David W P Moriarty+ *±
Jean Feng+
Patrick J Weafer+
Victoria Chen
Brett J Maerz
Coco Wiens-Paris
Annalise MacDonald
Harvey S Delaney+
Patrick J Haberl+
Terence W Yu+
James H McBeath+
Scott H Stephens+
Andrew J Stainer+
Daniel H Coles+ *
Sameer Kamboj+
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Taahaa Patel
Lily Y Zhang
Tiffany Ho
Ekamjot Singh Deol

Garth M Evans, MB, KC, Associate Counsel
Duncan J Manson, Associate Counsel+
Jeffrey B Lightfoot, Associate Counsel+
Iman Hosseini, Associate Counsel+
Hon Walter S Owen, OC, QC, LLD (1981)
John I Bird, QC (2005)

+ Law Corporation
*± Also of the Alberta Bar
**± Also of the Ontario Bar
*^ Also of the NWT Bar
* Also of the Yukon Bar
** Also of the Washington Bar

OWEN · BIRD
LAW CORPORATION

Vancouver Centre II
2900-733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0656

July 6, 2026

VIA REGISTERED and REGULAR MAIL

Zanatta Seaborne Holdings Ltd.
c/o 2130 – 955 Seaborne Avenue
Port Coquitlam, BC V3B 0R9

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 145 Street Kind Edward Apartment 105
Coquitlam, BC V3K 6L9

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). We are informed that you are in default of the obligations you owe to NBC, including by reason of failure to remit payments on time or at all, failure to deliver required reporting on time or at all, failure to satisfy required financial covenants, failure to provide evidence of insurance and failure to ensure your assets are not further encumbered. Accordingly, NBC is entitled to demand repayment of the indebtedness. We are informed that the following sets out the indebtedness as of July 2, 2026:

Facility/Secured Item	Outstanding Balance	Per Diem Interest
Term Loan	$1,190,974.43	$78.47
Legal Fees	$3,500	N/A
Total	**$1,194,474.43**	

Demand is hereby made for the immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust," in the sum of $1,194,474.43 as of July 2, 2026 plus interest and fees accrued and costs incurred to and including the date funds are received in our offices. Any payment less than the full amount outstanding may be accepted by NBC, but such payments shall not vitiate this demand for payment in full and NBC reserves its right to take whatever steps it deems appropriate to recover the full amount owed notwithstanding such payments.

Unless we are in receipt of the aforementioned sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026,

our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amounts owing plus costs. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Please find enclosed a copy of our client's Notice of Intention to Enforce Security served upon you pursuant to s. 244 of the *Bankruptcy and Insolvency Act*.

Yours truly,

OWEN BIRD LAW CORPORATION

Scott H. Stephens
SHS/lg
Encl. Notice of Intention to Enforce Security

cc: client
cc: guarantors

FORM 86

Notice of Intention to Enforce Security
[Subsection 244(1)]

To: Zanatta Seaborne Holdings Ltd., Novo Textile Company Ltd. and Novo Holdings Co. Ltd. (collectively, the "insolvent person")

Take notice that:

1. National Bank of Canada (the "**Lender**"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All real and personal property interests of the insolvent person charged in favour of the Lender

2. The security that is to be enforced is the following:

   The mortgage, assignment of rents, security agreements, and all other security granted by the insolvent person to the Lender

3. The total amount of the indebtedness secured by the security is:

   $1,194,474.43 as of July 2, 2026 plus interest and fees accrued and costs incurred thereafter

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia this 6th day of July, 2026.

Solicitor for the Lender,
Scott H. Stephens

Name and Address of Solicitor for the Lender:

Scott H. Stephens, Owen Bird Law Corporation, PO Box 1, Vancouver Centre II, 2900-733 Seymour Street, Vancouver, BC V6B 0S6, Tel.: 604-691-7521.

ACKNOWLEDGEMENT, CONSENT AND WAIVER

THE UNDERSIGNED HEREBY:

1. Acknowledges receipt of the above Form 86 Notice;

2. Waives the ten-day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act*;

3. Waives all notice and cure provisions contained in the security referred to in the above Form 86 Notice; and

4. Consents to the immediate enforcement by the Lender of the security referred to in the above Form 86 Notice.

Executed **Zanatta Seaborne Holdings Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

Executed **Novo Textile Company Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

Executed **Novo Holdings Co. Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

This is Exhibit "**29**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Alan A Frydenlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
Emma Christian
Harleen K Randhawa
Yue Liu
Jennifer L Benton
Allison R Kuchta+
Ronald G Paton+
Gary M Yaffe+
Jonathan L Williams+
Paul A Brackstone+ *
Michelle Karby+
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Katharina R Spotzl+
Nikta Shirazian+
Lina Yeom
Joshua F James
Isabella K Stuart
Yicong Li
Daniel W Burnett, KC+
Paul J Brown+
John J Kim+ *± *^
Michael F Robson+
Geoffrey M Bowman+ *
Kaitlin Smiley+
David W P Moriarty+ *±
Jean Feng+
Patrick J Weafer+
Victoria Chen
Brett J Maerz
Coco Wiens-Paris
Annalise MacDonald
Harvey S Delaney+
Patrick J Haberl+
Terence W Yu+
James H McBeath+
Scott H Stephens+
Andrew J Stainer+
Daniel H Coles+ *
Sameer Kamboj+
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Taahaa Patel
Lily Y Zhang
Tiffany Ho
Ekamjot Singh Deol

Garth M Evans, MB, KC, Associate Counsel
Duncan J Manson, Associate Counsel+
Jeffrey B Lightfoot, Associate Counsel+
Iman Hosseini, Associate Counsel+
Hon Walter S Owen, OC, QC, LLD (1981)
John I Bird, QC (2005)

+ Law Corporation
*± Also of the Alberta Bar
**± Also of the Ontario Bar
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Vancouver Centre II
2900-733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0657

July 6, 2026

VIA REGISTERED and REGULAR MAIL

Zanatta Seaborne 2 Holdings Ltd.
c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 105 – 10 West Georgia Street
Vancouver, BC V6C 3H1

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). We are informed that you are in default of the obligations you owe to NBC, including by reason of failure to remit payments on time or at all, failure to deliver required reporting on time or at all, failure to satisfy required financial covenants, failure to provide evidence of insurance, failure to maintain your day-to-day banking with NBC, and failure to ensure your assets are not further encumbered. Accordingly, NBC is entitled to demand repayment of the indebtedness. We are informed that the following sets out the indebtedness as of July 2, 2026:

Facility/Secured Item	Outstanding Balance	Per Diem Interest
Term Loan	$1,982,294.98	$297.09
Legal Fees	$3,500	N/A
Total	**$1,985,794.98**	

Demand is hereby made for the immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust," in the sum of $1,985,794.98 as of July 2, 2026 plus interest and fees accrued and costs incurred to and including the date funds are received in our offices. Any payment less than the full amount outstanding may be accepted by NBC, but such payments shall not vitiate this demand for payment in full and NBC reserves its right to take whatever steps it deems appropriate to recover the full amount owed notwithstanding such payments.

Unless we are in receipt of the aforementioned sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026, our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amounts owing plus costs. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Please find enclosed is a copy of our client's Notice of Intention to Enforce Security served upon you pursuant to s. 244 of the *Bankruptcy and Insolvency Act*.

Yours truly,

OWEN BIRD LAW CORPORATION

Scott H. Stephens
SHS/lg
Encl. Notice of Intention to Enforce Security

cc: client
cc: guarantors

FORM 86

Notice of Intention to Enforce Security
[Subsection 244(1)]

To: Zanatta Seaborne 2 Holdings Ltd., Novo Textile Company Ltd. and Novo Holdings Co. Ltd. (collectively, the "insolvent person")

Take notice that:

1. National Bank of Canada (the "**Lender**"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All real and personal property interests of the insolvent person charged in favour of the Lender

2. The security that is to be enforced is the following:

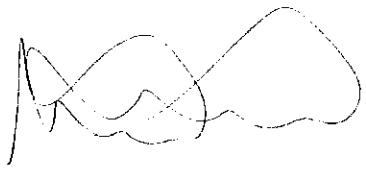
   The mortgage, assignment of rents, security agreements, and all other security granted by the insolvent person to the Lender

3. The total amount of the indebtedness secured by the security is:

   $1,985,794.98 as of July 2, 2026 plus interest and fees accrued and costs incurred thereafter

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia this 6th day of July, 2026.



Solicitor for the Lender,
Scott H. Stephens

Name and Address of Solicitor for the Lender:

Scott H. Stephens, Owen Bird Law Corporation, PO Box 1, Vancouver Centre II, 2900-733 Seymour Street, Vancouver, BC V6B 0S6, Tel.: 604-691-7521.

ACKNOWLEDGEMENT, CONSENT AND WAIVER

THE UNDERSIGNED HEREBY:

1. Acknowledges receipt of the above Form 86 Notice;

2. Waives the ten-day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act*;

3. Waives all notice and cure provisions contained in the security referred to in the above Form 86 Notice; and

4. Consents to the immediate enforcement by the Lender of the security referred to in the above Form 86 Notice.

Executed **Zanatta Seaborne 2 Holdings Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

Executed **Novo Textile Company Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

Executed **Novo Holdings Co. Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

This is Exhibit "**30**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Alan A Frydenlund, KC+ ⁴
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
Emma Christian
Harleen K Randhawa
Yue Liu
Jennifer L Benton
Allison R Kuchta+
Ronald G Paton+
Gary M Yaffe+
Jonathan L Williams+
Paul A Brackstone+ ⁴
Michelle Karby+
Kimberley J Santerre+
Katharina R Spotzl+
Nikta Shirazian+
Lina Yeom
Joshua F James
Isabella K Stuart
Yicong Li
Daniel W Burnett, KC+
Paul J Brown+
John J Kim+ *± **^
Michael F Robson+
Geoffrey M Bowman+ *
Kaitlin Smiley+
David W P Moriarty+ *±
Jean Feng+
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Coco Wiens-Paris
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Patrick J Haberl+
Terence W Yu+
James H McBeath+
Scott H Stephens+
Andrew J Stainer+
Daniel H Coles+ *
Sameer Kamboj+
Laura A Buitendyk
Taahaa Patel
Lily Y Zhang
Tiffany Ho
Ekamjot Singh Deol

Garth M Evans, MB, KC, Associate Counsel
Duncan J Manson, Associate Counsel*
Jeffrey B Lightfoot, Associate Counsel*
Iman Hosseini, Associate Counsel*
Hon Walter S Owen, OC, QC, LLD (1981)
John I Bird, QC (2005)

+ Law Corporation
*± Also of the Alberta Bar
*** Also of the Ontario Bar
** Also of the NWT Bar
* Also of the Yukon Bar
** Also of the Washington Bar

OWEN·BIRD
LAW CORPORATION

Vancouver Centre II
2900-733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0657

July 6, 2026

VIA REGISTERED and REGULAR MAIL

SEE ATTACHED SERVICE LIST

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). NBC has exercised its right to demand repayment of the indebtedness of Zanatta Seaborne 2 Holdings Ltd. and, accordingly, the indebtedness is now due and payable. The amount due is the sum of $1,985,794.98 as of July 2, 2026. Interest, fees and costs continue to accrue.

Demand is hereby made under your guarantee for immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust" for the amount due thereunder. Unless we are in receipt of the aforesaid sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026, our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amount owing under your guarantee. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Yours truly,

OWEN BIRD LAW CORPORATION

Scott H. Stephens
SHS/lg
Encl: demand letter to borrower and Notice of Intention to Enforce Security
cc: client

SERVICE LIST

Jason Michael Zanatta
c/o 105 – 1080 Fraser Mills Drive
Coquitlam, BC V3K 4S8

c/o 1571 Drive Harbour
Coquitlam, BC V3J 5V7

Novo Holdings Co. Ltd.
c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Novo Textile Company Ltd.
c/o 105 – 10 King Edward Street
Coquitlam, BC V3K 4S8

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 10 Street King Edward Unit 105
Coquitlam, BC V3K 4S8

Zanatta Family Trust
c/o 1571 Drive Harbour
Coquitlam, BC V3J 5V7

Alan A Frydenlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
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Emma Christian
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Michael F Robson+
Geoffrey M Bowman+ *
Kaitlin Smiley+
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Jeffrey B Lightfoot, Associate Counsel*
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Hon Walter S Owen, OC, QC, LLD (1981)
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Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0657

July 6, 2026

VIA REGISTERED and REGULAR MAIL

Zanatta Seaborne 2 Holdings Ltd.
c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 105 – 10 West Georgia Street
Vancouver, BC V6C 3H1

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). We are informed that you are in default of the obligations you owe to NBC, including by reason of failure to remit payments on time or at all, failure to deliver required reporting on time or at all, failure to satisfy required financial covenants, failure to provide evidence of insurance, failure to maintain your day-to-day banking with NBC, and failure to ensure your assets are not further encumbered. Accordingly, NBC is entitled to demand repayment of the indebtedness. We are informed that the following sets out the indebtedness as of July 2, 2026:

Facility/Secured Item	Outstanding Balance	Per Diem Interest
Term Loan	$1,982,294.98	$297.09
Legal Fees	$3,500	N/A
Total	**$1,985,794.98**	

Demand is hereby made for the immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust," in the sum of $1,985,794.98 as of July 2, 2026 plus interest and fees accrued and costs incurred to and including the date funds are received in our offices. Any payment less than the full amount outstanding may be accepted by NBC, but such payments shall not vitiate this demand for payment in full and NBC reserves its right to take whatever steps it deems appropriate to recover the full amount owed notwithstanding such payments.

OWEN·BIRD
LAW CORPORATION

Unless we are in receipt of the aforementioned sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026, our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amounts owing plus costs. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Please find enclosed is a copy of our client's Notice of Intention to Enforce Security served upon you pursuant to s. 244 of the *Bankruptcy and Insolvency Act*.

Yours truly,

OWEN BIRD LAW CORPORATION

Scott H. Stephens
SHS/lg
Encl. Notice of Intention to Enforce Security

cc: client
cc: guarantors

FORM 86

Notice of Intention to Enforce Security
[Subsection 244(1)]

To: Zanatta Seaborne 2 Holdings Ltd., Novo Textile Company Ltd. and Novo Holdings Co. Ltd. (collectively, the "insolvent person")

Take notice that:

1. National Bank of Canada (the "**Lender**"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All real and personal property interests of the insolvent person charged in favour of the Lender

2. The security that is to be enforced is the following:

   The mortgage, assignment of rents, security agreements, and all other security granted by the insolvent person to the Lender

3. The total amount of the indebtedness secured by the security is:

   $1,985,794.98 as of July 2, 2026 plus interest and fees accrued and costs incurred thereafter

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia this 6th day of July, 2026.

Solicitor for the Lender,
Scott H. Stephens

Name and Address of Solicitor for the Lender:

Scott H. Stephens, Owen Bird Law Corporation, PO Box 1, Vancouver Centre II, 2900-733 Seymour Street, Vancouver, BC V6B 0S6, Tel.: 604-691-7521.

ACKNOWLEDGEMENT, CONSENT AND WAIVER

THE UNDERSIGNED HEREBY:

1. Acknowledges receipt of the above Form 86 Notice;

2. Waives the ten-day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act*;

3. Waives all notice and cure provisions contained in the security referred to in the above Form 86 Notice; and

4. Consents to the immediate enforcement by the Lender of the security referred to in the above Form 86 Notice.

Executed **Zanatta Seaborne 2 Holdings Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

Executed **Novo Textile Company Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

Executed **Novo Holdings Co. Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

This is Exhibit "**30A**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

LTSA Land Title Act

Charge, Notation or Filing

NEW WESTMINSTER LAND TITLE OFFICE
AUG 14 2026 12:49:14.001
CB2981775

1. Application — Deduct LTO Fees:Yes — Document Fees: $83.82

Owen Bird Law Corporation
29th Floor, 733 Seymour Street
PO Box 1
Vancouver BC V6B 0S6
604-688-0401

2. Description of Land

PID/Plan Number	Legal Description
031-181-368	**STRATA LOT 20 SECTION 8 RANGE 1 EAST NEW WESTMINSTER DISTRICT STRATA PLAN EPS7008**

3. Nature of Charge, Notation, or Filing

Type	Affected Number	Additional Information
CRYSTALLIZED FLOATING CHARGE		

4. Person Entitled to be Registered as Charge Owner

NATIONAL BANK OF CANADA
SUITE 600, 10180 – 101 STREET NW
EDMONTON AB T5J 4K1

Electronic Signature

Your electronic signature is a representation that you are a designate authorized

(a) to electronically sign this application by an e-filing direction made under section 168.22 (2) of the *Land Title Act*, RSBC 1996, c 250, and

(b) if this application requires a supporting document, to certify this application under section 168.4 of the Act, that you certify this application under section 168.43 (3) of the Act, and that the supporting document, or a true copy of the supporting document if a true copy is allowed under an e-filing direction, is in your possession.

Lily Yexi Zhang EAMFMK

Digitally signed by
Lily Yexi Zhang EAMFMK
Date: 2026-08-14
12:40:46 -07:00

© Copyright 2026, Land Title and Survey Authority of BC. All rights reserved.

STATUTORY DECLARATION

CANADA	)	IN THE MATTER OF a general security agreement granted by Zanatta Seaborne Holdings Ltd. (the "**Debtor**") in favour of National Bank of Canada (the "**Bank**")
IN THE PROVINCE OF	)	
BRITISH COLUMBIA	)	

TO WIT:

I, Zhao (Vivienne) Zhang, of the City of Vancouver, in the Province of British Columbia, DO SOLEMNLY DECLARE THAT:

1. I am a legal assistant at Owen Bird Law Corporation, solicitors for the Bank, the holder of the aforementioned security, and act on its behalf in connection with this matter, and as such, I make this declaration based on information and belief unless otherwise stated.

2. I am authorized by the Bank to make this statutory declaration.

3. The Debtor executed a general security agreement dated November 14, 2024 in favour of the Bank. A copy of the GSA is attached as **Schedule "A"**.

4. Pursuant to subparagraph 1.1(h) of the GSA, the Debtor granted the Bank a security interest by way of a floating charge in all of the Debtor's real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "**Real Property**"), and rights under any lease or agreement relating to the Real Property.

5. Pursuant to subparagraph 1.5(a) of the GSA, with respect to Real Property, the security interest granted is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the "Obligations" becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge.

6. "Obligations" is defined in paragraph 1.2 to include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise.

7. Subparagraph 5.1 of the GSA sets out a series of events that would constitute an "Event of Default" under the GSA, including where the Debtor does not pay to the Bank when payable any sum owing under the Obligations.

8. The Bank has noted the occurrence of an Event of Default by the Debtor due to failure to pay and taken action pursuant to subparagraph 5.3(d) of the GSA to enforce and realize on the security interest created by the GSA by exercising its right to demand repayment of the indebtedness owed by the Debtor to the Bank and serving on the Debtor a notice of intention to enforce security pursuant to s. 244 of the *Bankruptcy and Insolvency Act*. Accordingly, the Debtor's Obligations to the Bank became payable. A copy of the Bank's demand letter to the Debtor dated September 15, 2025 and the enclosed notice of intention to enforce security is attached as **Schedule "B"**.

9. On the date of this declaration, the Debtor is a registered owner of the lands and premises (the "**Lands**") described in **Schedule "C"** hereto.

10. As such, the security interest granted by the Debtor to the Bank under the GSA by way of a floating charge has crystallized and become a fixed charge against the Lands.

I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 14th day of August 2026.

A Commissioner for taking Affidavits for British Columbia

ZHAO (VIVIENNE) ZHANG

LILY Y. ZHANG
Barrister & Solicitor
P.O. Box 1
2900-733 SEYMOUR STREET
VANCOUVER, B.C. V6B 0S6
(604) 691-7571

Schedule "A"

(GSA)

NATIONAL BANK

GENERAL SECURITY AGREEMENT
(All present and future assets)
(Canada except Quebec)

GRANTED BY: _____ZANATTA SEABORNE HOLDINGS LTD. _____. (hereafter called the "Debtor")

TO NATIONAL BANK OF CANADA (hereafter called the "Bank").

1. GRANT OF SECURITY INTEREST

1.1 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Bank, the Debtor hereby grants to the Bank a security interest in all of the Debtor's present and after-acquired property and undertaking (collectively, the "Collateral") and also mortgages, charges and assigns the Collateral to the Bank. Without limitation, the Collateral includes all right, title and interest that the Debtor now has or may hereafter have or acquire in any manner whatsoever (including by way of an amalgamation) in all property of the following kinds:

(a) Receivables: all debts, accounts, claims and choses in action for monetary amounts (collectively, the "Receivables");
(b) Inventory: all inventory of whatever kind and wherever situated (collectively, the "Inventory");
(c) Equipment: all machinery, equipment, fixtures, furniture, vehicles and other goods which are not Inventory (collectively, the "Equipment");
(d) Securities: all shares, bonds, debentures and other securities (collectively, the "Securities");
(e) Instruments and Money: all bills, notes, cheques and other instruments (collectively, the "Instruments") and all money;
(f) Documents of Title and Chattel Paper: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not, and all chattel paper;
(g) Intangibles: all intangibles not otherwise described in this Section 1.1 including, without limitation, all goodwill and all patents, trademarks, copyrights and other intellectual property;
(h) Real Property: all real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "Real Property"), and all rights under any lease or agreement relating to Real Property;
(i) Books and Records: all books, invoices, documents and other records in any form evidencing or relating to the Collateral; and
(j) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

1.2 Obligations Secured

The obligations secured by this Agreement include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise (collectively, the "Obligations").

1.3 Certain definitions

(a) The terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act currently in effect in the province referred to in Section 6.12 below;
(b) Any reference in this Agreement to the security granted hereby refers collectively to the security interest, mortgage, charge and assignment hereby granted in favour of the Bank.
(c) Any reference to "Debtor" refers to the undersigned, if one, or to each undersigned, if more than one. When the term "Debtor" designates more than one person or entity, each one shall be jointly and severally liable for the obligations stipulated herein.

1.4 Attachment of Security

The Debtor acknowledges that value has been given and agrees that the security granted hereby attaches upon the execution of this Agreement (or, in the case of any after-acquired property, at the time of acquisition by the Debtor of any rights therein).

1.5 Real Property

(a) With respect to (and only to) Real Property, the security granted hereby is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the Obligations becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge;
(b) The security granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Debtor will hold such last day in trust for the Bank and, upon the enforcement by the Bank of its security, will assign such last day as directed by the Bank.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties

The Debtor hereby represents and warrants to the Bank that:

(a) the principal residence, chief executive office and registered office of the Debtor (as applicable) are located at the addresses specified in Schedule A; for the purposes of the Ontario and the British Columbia *Personal Property Security Act*, the Debtor is governed by the law of the jurisdiction specified in Schedule A, if applicable;
(b) the Inventory and Equipment of the Debtor are located at the addresses specified in Schedule A, except for goods in transit or on lease or consignment; and
(c) all motor vehicles, trailers, mobile or manufactured homes, aircraft, boats and outboard motors ("Serial Numbered Goods") in which the Debtor has rights and used as equipment are fully and accurately described in Schedule "A"; the Debtor will advise the Bank promptly, in writing, of any other Serial Numbered Goods that are held as Equipment and will provide the Bank with full and complete descriptions of such Serial Numbered Goods.

2.2 Covenants

The Debtor covenants with the Bank that the Debtor will:

(a) not change the location of its principal residence, chief executive office, registered office or its governing law, or move any of the Inventory or Equipment from the locations specified in Schedule A hereto, without the written consent of the Bank;
(b) not change its name without first giving written notice to the Bank of its proposed new name and, if the Debtor is a corporation, not amalgamate with any other corporation without the prior written consent of the Bank;
(c) preserve the value of the Collateral, and carry on its business in compliance with all applicable laws and regulations;
(d) not permit any Collateral consisting of personal property to be affixed to real property or to other personal property so as to become a fixture or accession without the written consent of the Bank;
(e) keep the Collateral free and clear of all liens, security interests, mortgages, charges, assignments and other encumbrances or interests except as permitted in writing by the Bank;

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(f) pay all taxes, levies, assessments and government fees or dues payable in respect of the Collateral as and when the same become due, and furnish to the Bank, when requested, evidence of such payment;
(g) whenever requested by the Bank, furnish to the Bank in writing all information requested relating to the Collateral, and the Bank will be entitled from time to time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Bank will have access to all premises occupied by the Debtor or where the Collateral may be found;
(h) ensure that the security granted hereby is at all times fully enforceable and perfected in respect of any Collateral; and
(i) pay to the Bank forthwith upon demand all costs, fees and expenses (including, without limitation, all legal, receiver, consulting and accounting fees and expenses) incurred or charged by the Bank in connection with the preparation, perfection, administration and discharge of this Agreement and the preservation and exercise of the rights, powers and remedies of the Bank; and all such costs, fees and expenses will bear interest at the highest rate borne by any of the Obligations and will form part of the Obligations.

2.3 Schedule A
Each schedule referred to in this Agreement and attached hereto shall form part of this Agreement. Any subsequent modifications to a schedule will be deemed to replace and supersede the earlier version and form part of this Agreement.

3. INSURANCE

3.1 Insurance Covenant
The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limitation, loss by fire, theft, collision and such other risks as are customarily insured against for each type of Collateral, in an amount not less than the full insurable value thereof, with such insurers as are reasonably satisfactory to the Bank.

3.2 Bank loss payee
All insurance policies must name the Bank as an additional insured and loss payee and must provide that the insurer will give the Bank at least 15 days written notice of intended cancellation or non-renewal. At the Bank's request, the Debtor must furnish the Bank with evidence satisfactory to the Bank that the required insurance coverage is in effect. The Debtor must forthwith give the Bank notice of any loss or damage to the Collateral.

4. DEALING WITH COLLATERAL

4.1 Disposition of Collateral by the Debtor
The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Bank, except that the Debtor may, until an Event of Default occurs hereunder, dispose of inventory in the ordinary course of its business, but all proceeds of any such disposition will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds received by the Debtor.

4.2 Notification of Account Debtors
The Bank may at any time (i) give notice of this Agreement and the security granted hereby to any account debtor of the Debtor or to any other person liable to the Debtor and (ii) give notice to any such account debtor or other person to make all further payments to the Bank. Any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor, whether before or after any notice is given by the Bank will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds.

4.3 Securities
The Bank may have any Securities registered in its name or in the name of its nominee and will be entitled, but not required, to exercise any of the rights that any holder of such Securities may at any time have. However, until an Event of Default occurs, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Bank or which would not violate this Agreement, all voting power from time to time exercisable in respect of the Securities. The Bank will not be responsible for any loss occasioned by its exercise of any of such rights. Before or after an Event of Default occurs hereunder, the Debtor must deliver forthwith to the Bank those Securities requested by the Bank duly endorsed for transfer.

4.4 Proceeds held in Trust for the Bank
All proceeds received by the Debtor from the collection or disposition of Collateral or otherwise will be received by the Debtor as trustee for the Bank, must be held separate and apart from other property and must be paid over to the Bank upon request.

4.5 Application of Funds
All sums collected or received by the Bank in respect of the Collateral may be applied to such parts of the Obligations as the Bank in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Bank may be released to the Debtor, all without prejudice to the Bank's rights against the Debtor.

4.6 Collateral held by the Bank
In the holding of any Collateral, the Bank and any agent on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Bank and any agent on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Bank or its agent to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5. DEFAULT AND REMEDIES

5.1 Events of Default
The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):
(a) the Debtor does not pay to the Bank when payable any sum owing under the Obligations;
(b) the Debtor does not perform any of its covenants or obligations under this Agreement;
(c) any representation or warranty made by the Debtor herein or in any document provided at any time to the Bank in connection with this Agreement is incorrect or misleading in any material respect;
(d) the Debtor is in default under any other agreement with the Bank,
(e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof;
(f) the Debtor is insolvent;
(g) the commencement of any proceeding or the taking of any step by or against the Debtor (i) for the bankruptcy, reorganization, liquidation, dissolution or winding-up of the Debtor, (ii) for an arrangement or compromise with its creditors, or (iii) for the appointment of a trustee, receiver, custodian, liquidator or any other person with similar powers with respect to the Debtor or any part of the Collateral;
(h) the Collateral or any part thereof is seized or otherwise attached or is subject to a taking of possession by anyone and the same is not released or discharged within the shorter of a period of (i) 30 days and (ii) 10 days less than such period as would permit such property to be sold pursuant thereto; or
(i) the Bank believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached.

5.2 Consequences of a Default
On or after the occurrence of any Event of Default, at the option of the Bank, (i) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease; and (iii) the security granted hereby will become immediately enforceable.

5.3 Remedies
In addition to any right or remedy otherwise provided herein or by law, on or after the occurrence of any Event of Default, the Bank will have the rights and remedies set out below, all of which may be enforced successively or concurrently:

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(a) the Bank may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Bank at such places as may be specified by the Bank;
(b) the Bank may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
(c) the Bank may carry on all or any part of the business of the Debtor;
(d) the Bank may enforce any rights of the Debtor in respect of the Collateral;
(e) the Bank may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit, upon such terms and conditions as the Bank may determine and without notice to the Debtor unless required by law;
(f) the Bank may accept the Collateral in total or partial satisfaction of the Obligations in the manner provided by law;
(g) the Bank may, for any purpose specified herein, borrow money on the security of the Collateral, which security will rank in priority to the security granted hereby;
(h) the Bank may occupy and use all or any of the premises, buildings and plants occupied by the Debtor and use all or any of the Equipment and other property of the Debtor for such time as the Bank requires to facilitate the realization of the Collateral, free of charge; the Bank will not be liable for any rent, charges, depreciation or damages in connection with such actions; or
(i) the Bank may appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the whole or any part of the Collateral and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral.

5.4 Powers of the Receiver
Any Receiver will have all of the rights and powers that the Bank is entitled to exercise pursuant to Section 5.3, but the Bank will not be in any way responsible for any misconduct or negligence of any such Receiver.

5.5 Liability of Bank
The Bank will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Bank, the Debtor or any other person in respect of the Collateral. This Agreement and the security granted hereby will not render the Bank liable to observe or perform any covenant or obligation of the Debtor in any agreement or document to which the Debtor is a party or by which it is bound. In the exercise of its rights and the performance of its obligations, the Bank will only be liable for gross negligence or wilful misconduct.

5.6 Proceeds of Realization
The Bank may apply any proceeds of realization of the Collateral to payment of costs, fees and expenses mentioned in Section 2.2(i), including those related to the realization of the Collateral, and the Bank may apply any balance to payment of all other Obligations in such order as the Bank sees fit. If there is any surplus remaining, the Bank may pay it to any person entitled thereto by law of whom the Bank has knowledge and any balance remaining may be paid to the Debtor. If the realization of the Collateral fails to satisfy the Obligations, the Debtor will be liable to pay any deficiency to the Bank.

6. GENERAL

6.1 Failure of Debtor to Perform
If the Debtor fails to perform any of its covenants or obligations under this Agreement, the Bank may, in its absolute discretion, but without being required to do so, perform any such covenant or obligation. If any such covenant or obligation requires the payment of monies, the Bank may make such payment. All sums so paid by the Bank will be payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such sums. No such performance or payment will relieve the Debtor from any default under this Agreement or any consequences of such default.

6.2 Power of Attorney
The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to do all things and execute and deliver, documents, financing statements, demands and assignments which the Debtor is obliged to do or execute or deliver hereunder and generally to act in the name of the Debtor in the exercise of any of the powers hereby conferred on the Bank.

6.3 Appointment of Consultant
The Bank will be entitled to appoint a consultant to provide such services and advice as the Bank may determine in its sole discretion, with power to enter the Debtor's premises, to inspect and evaluate the Collateral, to make copies of the Debtor's records, to review the Debtor's business plans and projections, to assess the conduct and viability of the Debtor's business, to prepare reports on the Debtor's affairs and to distribute such reports to the Bank or to other such persons as the Bank may direct. Such consultant will act as an agent for the Bank and will owe no duty to the Debtor. The consultant is to have no managerial or advisory capacity and will have no decision making responsibility. The Debtor authorizes the Bank to provide confidential information to the consultant. All fees and expenses in connection with the engagement of a consultant are payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such fees and expenses.

6.4 Waivers by Debtor
The Bank may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up any security, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) otherwise waive rights against the Debtor, debtors of the Debtor, guarantors and others and with respect to the Collateral and other security as the Bank sees fit. No such action or omission will reduce the Obligations or affect the Bank's rights hereunder.

6.5 Waivers of Legal Limitations
To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any law which imposes limitations upon the powers, rights or remedies of a secured party, including any law which limits the rights of a secured party to both seize collateral and sue for any deficiency following realization of collateral. Without limitation, the Debtor (if a corporation) agrees that the *Limitation of Civil Rights Act* and Part IV of the *Saskatchewan Farm Securities Act* of the Province of Saskatchewan will not apply to this Agreement or any of the rights, remedies or powers of the Bank or any Receiver hereunder.

6.6 Copy of Documents and Consent to Filings
The Debtor acknowledges having received a copy of this Agreement and waives all rights to receive from the Bank a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Debtor confirms its consent to the filing by the Bank or on its behalf of any such financing statement or financing change statement.

6.7 Notices
Any notice to be given to a party in connection with this Agreement will be given in writing and will be given by personal delivery, by registered mail or by electronic means, addressed to the recipient at its address specified at the end of this Agreement or such other address as may be notified by any party to the other.

6.8 Additional Security and Other Remedies
This Agreement and the security granted hereby are in addition to and not in substitution for any other security or right now or hereafter held by the Bank. This Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Bank. The Bank may sue the Debtor and enforce all of its other rights and remedies in respect of the Obligations without being required to exercise or exhaust any of its rights and remedies hereunder.

6.9 Further Assurances
The Debtor must at its expense do all things and execute and deliver all such financing statements, further assignments and documents as may be reasonably requested by the Bank for the purpose of giving effect to this Agreement and establishing compliance with the obligations of the Debtor hereunder.

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6.10 Discharge
The Debtor will be entitled to a discharge of this Agreement upon written request by the Debtor and full payment, performance and satisfaction of the Obligations. No discharge will be effective unless in writing and executed by the Bank.

6.11 Severability
If any provision of this Agreement were to be found invalid or unenforceable, the remaining terms and provisions of this Agreement will remain in full force and effect.

6.12 Governing Law
This Agreement will be governed by and construed in accordance with the laws of the province in which the office of the Bank specified below is located, except that if such office is located in the province of Quebec, then this Agreement will be governed by and construed in accordance with the laws of the province of Ontario.

This Agreement will bind and be enforceable against the Debtor regardless of whether it has been executed by the Bank.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

Officer Signature(s)

Name: **LESLIE WONG**
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

(as to all signatures)

Execution Date

Y	M	D
24	11	14

Transferor(s) Signature(s)

ZANATTA SEABORNE HOLDINGS LTD. by its authorized signatory(ies):

Print Name: JASON ZANATTA

Print Name:

NATIONAL BANK OF CANADA

2024 11 14
Date of Execution (YYYY MM DD)

By: _____
(Authorized signature)

ADDRESS OF DEBTOR FOR NOTICE PURPOSES:

2130-955 Seaborne Avenue, Port Coquitlam, BC, V3B 0R9

ADDRESS OF BANK FOR NOTICE PURPOSES:

475 Howe Street, Suite 2900, Vancouver, BC V6C 2B3

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SCHEDULE A

14 November

To a General Security Agreement made as of _____, 2024 between _____ZANATTA SEABORNE HOLDINGS LTD. _____., as Debtor and National Bank of Canada, as Bank.

1. **ADDRESS(ES) OF PLACE(S) OF BUSINESS (Section 2.1(a))**

   Principal residence (for individuals only): n/a

   Chief executive office (for businesses only)[1]: 2130-955 Seaborne Avenue, Port Coquitlam, BC, V3B 0R9

   Registered office (for businesses only)[2]: 800 - 885 West Georgia Street, Vancouver BC V6C 3H1

   Other place(s) of business[3]: none

   Governing law[4]: n/a

   [indicate governing law for a trust or partnership (other than a limited partnership), otherwise indicate N/A]:

2. **LOCATION OF INVENTORY AND EQUIPMENT (Section 2.1(b))**

   Address(es)[5]: same as above

3. **EQUIPMENT CONSISTING OF SERIAL NUMBER GOODS (Section 2.1(c))[6]**

[1] If the Debtor has only one place of business, indicate the address of that place of business. If the Debtor has more than one place of business, indicate the address of its place of business which is its principal decision-making centre.

[2] Indicate "same as above" if the registered office (legal head office) is at the same address as the chief executive office.

[3] Indicate "none" if the Debtor has no other place of business.

[4] If the Debtor is a partnership (other than a limited partnership) or a trust, indicate the stated governing law in the partnership agreement or deed of trust.

[5] Indicate "same as above" if the inventory and equipment of the Debtor are all located at the address(es) specified in 1.

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[6] Indicate make, model, year of manufacture, serial number and any registration or governmental mark or number.

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Schedule "B"

(Demand Letter)

Alan A Frydenlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Harley J Harris+
Kari F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
Emma Christian
Harleen K Randhawa
Yue Liu
Jennifer L Benton
Allison R Kuchta+
Ronald G Paton+
Gary M Yaffe+
Jonathan L Williams+
Paul A Brackstone+ *
Michelle Karby+
Kimberley J Santerre+
Katharina R Spotzl+
Nikta Shirazian+
Lina Yeom
Joshua F James
Isabella K Stuart
Yicong Li
Daniel W Burnett, KC+
Paul J Brown+
John J Kim+ *± **
Michael F Robson+
Geoffrey M Bowman+ *
Kaitlin Smiley+
David W P Moriarty+ *±
Jean Feng+
Patrick J Weafer+
Victoria Chen
Brett J Maerz
Coco Wiens-Faris
Annalise MacDonald
Harvey S Delaney+
Patrick J Haberl+
Terence W Yu+
James H McBeath+
Scott H Stephens+
Andrew J Stamer+
Daniel H Coles+ *
Sameer Kanuboj+
Laura A Buttendyk
Taahaa Patel
Lily Y Zhang
Tiffany Ho
Ekamjot Singh Deol

Garth M Evans, MB, KC, Associate Counsel
Duncan J Manson, Associate Counsel*
Jeffrey B Lightfoot, Associate Counsel*
Iman Hosseini, Associate Counsel*
Hon Walter S Owen, OC, QC, LLD (1981)
John I Bird, QC (2005)

+ Law Corporation
*± Also of the Alberta Bar
**± Also of the Ontario Bar
** Also of the NWT Bar
* Also of the Yukon Bar
** Also of the Washington Bar

OWEN·BIRD
LAW CORPORATION

Vancouver Centre II
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PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0656

July 6, 2026

VIA REGISTERED and REGULAR MAIL

Zanatta Seaborne Holdings Ltd.
c/o 2130 – 955 Seaborne Avenue
Port Coquitlam, BC V3B 0R9

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 145 Street Kind Edward Apartment 105
Coquitlam, BC V3K 6L9

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). We are informed that you are in default of the obligations you owe to NBC, including by reason of failure to remit payments on time or at all, failure to deliver required reporting on time or at all, failure to satisfy required financial covenants, failure to provide evidence of insurance and failure to ensure your assets are not further encumbered. Accordingly, NBC is entitled to demand repayment of the indebtedness. We are informed that the following sets out the indebtedness as of July 2, 2026:

Facility/Secured Item	Outstanding Balance	Per Diem Interest
Term Loan	$1,190,974.43	$78.47
Legal Fees	$3,500	N/A
Total	**$1,194,474.43**	

Demand is hereby made for the immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust," in the sum of $1,194,474.43 as of July 2, 2026 plus interest and fees accrued and costs incurred to and including the date funds are received in our offices. Any payment less than the full amount outstanding may be accepted by NBC, but such payments shall not vitiate this demand for payment in full and NBC reserves its right to take whatever steps it deems appropriate to recover the full amount owed notwithstanding such payments.

Unless we are in receipt of the aforementioned sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026,

OWEN · BIRD
Law Corporation

our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amounts owing plus costs. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Please find enclosed a copy of our client's Notice of Intention to Enforce Security served upon you pursuant to s. 244 of the *Bankruptcy and Insolvency Act*.

Yours truly,

OWEN BIRD LAW CORPORATION

Scott H. Stephens
SHS/lg
Encl. Notice of Intention to Enforce Security

cc: client
cc: guarantors

FORM 86

Notice of Intention to Enforce Security
[Subsection 244(1)]

To: Zanatta Seaborne Holdings Ltd., Novo Textile Company Ltd. and Novo Holdings Co. Ltd. (collectively, the "insolvent person")

Take notice that:

1. National Bank of Canada (the "**Lender**"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All real and personal property interests of the insolvent person charged in favour of the Lender

2. The security that is to be enforced is the following:

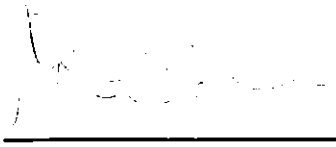
   The mortgage, assignment of rents, security agreements, and all other security granted by the insolvent person to the Lender

3. The total amount of the indebtedness secured by the security is:

   $1,194,474.43 as of July 2, 2026 plus interest and fees accrued and costs incurred thereafter

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia this 6th day of July, 2026.



Solicitor for the Lender,
Scott H. Stephens

Name and Address of Solicitor for the Lender:

Scott H. Stephens, Owen Bird Law Corporation, PO Box 1, Vancouver Centre II, 2900-733 Seymour Street, Vancouver, BC V6B 0S6, Tel.: 604-691-7521.

ACKNOWLEDGEMENT, CONSENT AND WAIVER

THE UNDERSIGNED HEREBY:

1. Acknowledges receipt of the above Form 86 Notice;

2. Waives the ten-day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act*;

3. Waives all notice and cure provisions contained in the security referred to in the above Form 86 Notice; and

4. Consents to the immediate enforcement by the Lender of the security referred to in the above Form 86 Notice.

Executed **Zanatta Seaborne Holdings Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

Executed **Novo Textile Company Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

Executed **Novo Holdings Co. Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____

Print name:
Title:

Schedule "C"

(The Lands)

PID	Legal Description
031-181-368	STRATA LOT 20 SECTION 8 RANGE 1 EAST NEW WESTMINSTER DISTRICT STRATA PLAN EPS7008

This is Exhibit "**30B**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

LTSA Land Title Act

Charge, Notation or Filing

NEW WESTMINSTER LAND TITLE OFFICE
AUG 14 2026 12:49:14.002
CB2981776

1. Application — Deduct LTO Fees:Yes — Document Fees: $83.82

Owen Bird Law Corporation
29th Floor, 733 Seymour Street
PO Box 1
Vancouver BC V6B 0S6
604-688-0401

2. Description of Land

PID/Plan Number	Legal Description
031-906-630	**STRATA LOT 9 SECTION 8 BLOCK 6 NORTH RANGE 1 EAST NEW WESTMINSTER DISTRICT STRATA PLAN EPS9208**

3. Nature of Charge, Notation, or Filing

Type	Affected Number	Additional Information
CRYSTALLIZED FLOATING CHARGE		

4. Person Entitled to be Registered as Charge Owner

NATIONAL BANK OF CANADA
SUITE 600, 10180 – 101 STREET NW
EDMONTON AB T5J 4K1

Electronic Signature

Your electronic signature is a representation that you are a designate authorized

(a) to electronically sign this application by an e-filing direction made under section 168.22 (2) of the *Land Title Act*, RSBC 1996, c 250, and

(b) if this application requires a supporting document, to certify this application under section 168.4 of the Act, that you certify this application under section 168.43 (3) of the Act, and that the supporting document, or a true copy of the supporting document if a true copy is allowed under an e-filing direction, is in your possession.

Lily Yexi Zhang EAMFMK

Digitally signed by Lily Yexi Zhang EAMFMK
Date: 2026-08-14 12:42:12 -07:00

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STATUTORY DECLARATION

CANADA	)	IN THE MATTER OF a general security
	)	agreement granted by Zanatta
IN THE PROVINCE OF	)	Seaborne 2 Holdings Ltd. (the
	)	"**Debtor**") in favour of National Bank of
BRITISH COLUMBIA	)	Canada (the "**Bank**")
	)	
	)	
	)	

TO WIT:

I, Zhao (Vivienne) Zhang, of the City of Vancouver, in the Province of British Columbia, DO SOLEMNLY DECLARE THAT:

1. I am a legal assistant at Owen Bird Law Corporation, solicitors for the Bank, the holder of the aforementioned security, and act on its behalf in connection with this matter, and as such, I make this declaration based on information and belief unless otherwise stated.

2. I am authorized by the Bank to make this statutory declaration.

3. The Debtor executed a general security agreement dated November 14, 2024 in favour of the Bank. A copy of the GSA is attached as **Schedule "A"**.

4. Pursuant to subparagraph 1.1(h) of the GSA, the Debtor granted the Bank a security interest by way of a floating charge in all of the Debtor's real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "**Real Property**"), and rights under any lease or agreement relating to the Real Property.

5. Pursuant to subparagraph 1.5(a) of the GSA, with respect to Real Property, the security interest granted is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the "Obligations" becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge.

6. "Obligations" is defined in paragraph 1.2 to include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise.

7. Subparagraph 5.1 of the GSA sets out a series of events that would constitute an "Event of Default" under the GSA, including where the Debtor does not pay to the Bank when payable any sum owing under the Obligations.

8. Pursuant to subparagraph 5.2, on or after the occurrence of any Event of Default, at the option of the Bank, (i) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease, and (iii) the security granted in the GSA will become immediately enforceable.

9. The Bank has noted the occurrence of an Event of Default by the Debtor due to failure to pay and taken action pursuant to subparagraph 5.3(d) of the GSA to enforce and realize on the security interest created by the GSA by exercising its right to demand repayment of the indebtedness owed by the Debtor to the Bank and serving on the Debtor a notice of intention to enforce security pursuant to s. 244 of the *Bankruptcy and Insolvency Act*. Accordingly, the Debtor's Obligations to the Bank became payable. A copy of the Bank's demand letter to the Debtor dated September 15, 2025 and the enclosed notice of intention to enforce security is attached as **Schedule "B"**.

10. On the date of this declaration, the Debtor is a registered owner of the lands and premises (the "**Lands**") described in **Schedule "C"** hereto.

11. As such, the security interest granted by the Debtor to the Bank under the GSA by way of a floating charge has crystallized and become a fixed charge against the Lands.

I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 14th day of August 2026.

A Commissioner for taking Affidavits for British Columbia

ZHAO (VIVIENNE) ZHANG

LILY Y. ZHANG
Barrister & Solicitor
P.O. Box 1
2900-733 SEYMOUR STREET
VANCOUVER, B.C. V6B 0S6
(604) 691-7571

Schedule "A"

(GSA)

NATIONAL BANK

GENERAL SECURITY AGREEMENT
(All present and future assets)
(Canada except Quebec)

GRANTED BY: _____ZANATTA SEABORNE 2 HOLDINGS LTD. _____. (hereafter called the "Debtor")

TO NATIONAL BANK OF CANADA (hereafter called the "Bank").

1. GRANT OF SECURITY INTEREST

1.1 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Bank, the Debtor hereby grants to the Bank a security interest in all of the Debtor's present and after-acquired property and undertaking (collectively, the "Collateral") and also mortgages, charges and assigns the Collateral to the Bank. Without limitation, the Collateral includes all right, title and interest that the Debtor now has or may hereafter have or acquire in any manner whatsoever (including by way of an amalgamation) in all property of the following kinds:

(a) Receivables: all debts, accounts, claims and choses in action for monetary amounts (collectively, the "Receivables");
(b) Inventory: all inventory of whatever kind and wherever situated (collectively, the "Inventory");
(c) Equipment: all machinery, equipment, fixtures, furniture, vehicles and other goods which are not Inventory (collectively, the "Equipment");
(d) Securities: all shares, bonds, debentures and other securities (collectively, the "Securities");
(e) Instruments and Money: all bills, notes, cheques and other instruments (collectively, the "Instruments") and all money;
(f) Documents of Title and Chattel Paper: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not, and all chattel paper;
(g) Intangibles: all intangibles not otherwise described in this Section 1.1 including, without limitation, all goodwill and all patents, trademarks, copyrights and other intellectual property;
(h) Real Property: all real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "Real Property"), and all rights under any lease or agreement relating to Real Property;
(i) Books and Records: all books, invoices, documents and other records in any form evidencing or relating to the Collateral; and
(j) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

1.2 Obligations Secured

The obligations secured by this Agreement include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise (collectively, the "Obligations").

1.3 Certain definitions

(a) The terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act currently in effect in the province referred to in Section 6.12 below;
(b) Any reference in this Agreement to the security granted hereby refers collectively to the security interest, mortgage, charge and assignment hereby granted in favour of the Bank.
(c) Any reference to "Debtor" refers to the undersigned, if one, or to each undersigned, if more than one. When the term "Debtor" designates more than one person or entity, each one shall be jointly and severally liable for the obligations stipulated herein.

1.4 Attachment of Security

The Debtor acknowledges that value has been given and agrees that the security granted hereby attaches upon the execution of this Agreement (or, in the case of any after-acquired property, at the time of acquisition by the Debtor of any rights therein).

1.5 Real Property

(a) With respect to (and only to) Real Property, the security granted hereby is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the Obligations becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge;
(b) The security granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Debtor will hold such last day in trust for the Bank and, upon the enforcement by the Bank of its security, will assign such last day as directed by the Bank.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties

The Debtor hereby represents and warrants to the Bank that:

(a) the principal residence, chief executive office and registered office of the Debtor (as applicable) are located at the addresses specified in Schedule A; for the purposes of the Ontario and the British Columbia *Personal Property Security Act*, the Debtor is governed by the law of the jurisdiction specified in Schedule A, if applicable;
(b) the Inventory and Equipment of the Debtor are located at the addresses specified in Schedule A, except for goods in transit or on lease or consignment; and
(c) all motor vehicles, trailers, mobile or manufactured homes, aircraft, boats and outboard motors ("Serial Numbered Goods") in which the Debtor has rights and used as equipment are fully and accurately described in Schedule "A"; the Debtor will advise the Bank promptly, in writing, of any other Serial Numbered Goods that are held as Equipment and will provide the Bank with full and complete descriptions of such Serial Numbered Goods.

2.2 Covenants

The Debtor covenants with the Bank that the Debtor will:

(a) not change the location of its principal residence, chief executive office, registered office or its governing law, or move any of the Inventory or Equipment from the locations specified in Schedule A hereto, without the written consent of the Bank;
(b) not change its name without first giving written notice to the Bank of its proposed new name and, if the Debtor is a corporation, not amalgamate with any other corporation without the prior written consent of the Bank;
(c) preserve the value of the Collateral, and carry on its business in compliance with all applicable laws and regulations;
(d) not permit any Collateral consisting of personal property to be affixed to real property or to other personal property so as to become a fixture or accession without the written consent of the Bank;
(e) keep the Collateral free and clear of all liens, security interests, mortgages, charges, assignments and other encumbrances or interests except as permitted in writing by the Bank;

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(f) pay all taxes, levies, assessments and government fees or dues payable in respect of the Collateral as and when the same become due, and furnish to the Bank, when requested, evidence of such payment;
(g) whenever requested by the Bank, furnish to the Bank in writing all information requested relating to the Collateral, and the Bank will be entitled from time to time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Bank will have access to all premises occupied by the Debtor or where the Collateral may be found;
(h) ensure that the security granted hereby is at all times fully enforceable and perfected in respect of any Collateral; and
(i) pay to the Bank forthwith upon demand all costs, fees and expenses (including, without limitation, all legal, receiver, consulting and accounting fees and expenses) incurred or charged by the Bank in connection with the preparation, perfection, administration and discharge of this Agreement and the preservation and exercise of the rights, powers and remedies of the Bank; and all such costs, fees and expenses will bear interest at the highest rate borne by any of the Obligations and will form part of the Obligations.

2.3 Schedule A
Each schedule referred to in this Agreement and attached hereto shall form part of this Agreement. Any subsequent modifications to a schedule will be deemed to replace and supersede the earlier version and form part of this Agreement.

3. INSURANCE

3.1 Insurance Covenant
The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limitation, loss by fire, theft, collision and such other risks as are customarily insured against for each type of Collateral, in an amount not less than the full insurable value thereof, with such insurers as are reasonably satisfactory to the Bank.

3.2 Bank loss payee
All insurance policies must name the Bank as an additional insured and loss payee and must provide that the insurer will give the Bank at least 15 days written notice of intended cancellation or non-renewal. At the Bank's request, the Debtor must furnish the Bank with evidence satisfactory to the Bank that the required insurance coverage is in effect. The Debtor must forthwith give the Bank notice of any loss or damage to the Collateral.

4. DEALING WITH COLLATERAL

4.1 Disposition of Collateral by the Debtor
The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Bank, except that the Debtor may, until an Event of Default occurs hereunder, dispose of inventory in the ordinary course of its business, but all proceeds of any such disposition will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds received by the Debtor.

4.2 Notification of Account Debtors
The Bank may at any time (i) give notice of this Agreement and the security granted hereby to any account debtor of the Debtor or to any other person liable to the Debtor and (ii) give notice to any such account debtor or other person to make all further payments to the Bank. Any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor, whether before or after any notice is given by the Bank will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds.

4.3 Securities
The Bank may have any Securities registered in its name or in the name of its nominee and will be entitled, but not required, to exercise any of the rights that any holder of such Securities may at any time have. However, until an Event of Default occurs, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Bank or which would not violate this Agreement, all voting power from time to time exercisable in respect of the Securities. The Bank will not be responsible for any loss occasioned by its exercise of any of such rights. Before or after an Event of Default occurs hereunder, the Debtor must deliver forthwith to the Bank those Securities requested by the Bank duly endorsed for transfer.

4.4 Proceeds held in Trust for the Bank
All proceeds received by the Debtor from the collection or disposition of Collateral or otherwise will be received by the Debtor as trustee for the Bank, must be held separate and apart from other property and must be paid over to the Bank upon request.

4.5 Application of Funds
All sums collected or received by the Bank in respect of the Collateral may be applied to such parts of the Obligations as the Bank in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Bank may be released to the Debtor, all without prejudice to the Bank's rights against the Debtor.

4.6 Collateral held by the Bank
In the holding of any Collateral, the Bank and any agent on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Bank and any agent on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Bank or its agent to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5. DEFAULT AND REMEDIES

5.1 Events of Default
The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):
(a) the Debtor does not pay to the Bank when payable any sum owing under the Obligations;
(b) the Debtor does not perform any of its covenants or obligations under this Agreement;
(c) any representation or warranty made by the Debtor herein or in any document provided at any time to the Bank in connection with this Agreement is incorrect or misleading in any material respect;
(d) the Debtor is in default under any other agreement with the Bank;
(e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof;
(f) the Debtor is insolvent;
(g) the commencement of any proceeding or the taking of any step by or against the Debtor (i) for the bankruptcy, reorganization, liquidation, dissolution or winding-up of the Debtor, (ii) for an arrangement or compromise with its creditors, or (iii) for the appointment of a trustee, receiver, custodian, liquidator or any other person with similar powers with respect to the Debtor or any part of the Collateral;
(h) the Collateral or any part thereof is seized or otherwise attached or is subject to a taking of possession by anyone and the same is not released or discharged within the shorter of a period of (i) 30 days and (ii) 10 days less than such period as would permit such property to be sold pursuant thereto; or
(i) the Bank believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached.

5.2 Consequences of a Default
On or after the occurrence of any Event of Default, at the option of the Bank, (i) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease; and (iii) the security granted hereby will become immediately enforceable.

5.3 Remedies
In addition to any right or remedy otherwise provided herein or by law, on or after the occurrence of any Event of Default, the Bank will have the rights and remedies set out below, all of which may be enforced successively or concurrently:

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(a) the Bank may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Bank at such places as may be specified by the Bank;
(b) the Bank may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
(c) the Bank may carry on all or any part of the business of the Debtor;
(d) the Bank may enforce any rights of the Debtor in respect of the Collateral;
(e) the Bank may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit, upon such terms and conditions as the Bank may determine and without notice to the Debtor unless required by law;
(f) the Bank may accept the Collateral in total or partial satisfaction of the Obligations in the manner provided by law;
(g) the Bank may, for any purpose specified herein, borrow money on the security of the Collateral, which security will rank in priority to the security granted hereby;
(h) the Bank may occupy and use all or any of the premises, buildings and plants occupied by the Debtor and use all or any of the Equipment and other property of the Debtor for such time as the Bank requires to facilitate the realization of the Collateral, free of charge; the Bank will not be liable for any rent, charges, depreciation or damages in connection with such actions; or
(i) the Bank may appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the whole or any part of the Collateral and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral.

5.4 Powers of the Receiver
Any Receiver will have all of the rights and powers that the Bank is entitled to exercise pursuant to Section 5.3, but the Bank will not be in any way responsible for any misconduct or negligence of any such Receiver.

5.5 Liability of Bank
The Bank will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Bank, the Debtor or any other person in respect of the Collateral. This Agreement and the security granted hereby will not render the Bank liable to observe or perform any covenant or obligation of the Debtor in any agreement or document to which the Debtor is a party or by which it is bound. In the exercise of its rights and the performance of its obligations, the Bank will only be liable for gross negligence or wilful misconduct.

5.6 Proceeds of Realization
The Bank may apply any proceeds of realization of the Collateral to payment of costs, fees and expenses mentioned in Section 2.2(i), including those related to the realization of the Collateral, and the Bank may apply any balance to payment of all other Obligations in such order as the Bank sees fit. If there is any surplus remaining, the Bank may pay it to any person entitled thereto by law of whom the Bank has knowledge and any balance remaining may be paid to the Debtor. If the realization of the Collateral fails to satisfy the Obligations, the Debtor will be liable to pay any deficiency to the Bank.

6. GENERAL

6.1 Failure of Debtor to Perform
If the Debtor fails to perform any of its covenants or obligations under this Agreement, the Bank may, in its absolute discretion, but without being required to do so, perform any such covenant or obligation. If any such covenant or obligation requires the payment of monies, the Bank may make such payment. All sums so paid by the Bank will be payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such sums. No such performance or payment will relieve the Debtor from any default under this Agreement or any consequences of such default.

6.2 Power of Attorney
The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to do all things and execute and deliver, documents, financing statements, demands and assignments which the Debtor is obliged to do or execute or deliver hereunder and generally to act in the name of the Debtor in the exercise of any of the powers hereby conferred on the Bank.

6.3 Appointment of Consultant
The Bank will be entitled to appoint a consultant to provide such services and advice as the Bank may determine in its sole discretion, with power to enter the Debtor's premises, to inspect and evaluate the Collateral, to make copies of the Debtor's records, to review the Debtor's business plans and projections, to assess the conduct and viability of the Debtor's business, to prepare reports on the Debtor's affairs and to distribute such reports to the Bank or to other such persons as the Bank may direct. Such consultant will act as an agent for the Bank and will owe no duty to the Debtor. The consultant is to have no managerial or advisory capacity and will have no decision making responsibility. The Debtor authorizes the Bank to provide confidential information to the consultant. All fees and expenses in connection with the engagement of a consultant are payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such fees and expenses.

6.4 Waivers by Debtor
The Bank may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up any security, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) otherwise waive rights against the Debtor, debtors of the Debtor, guarantors and others and with respect to the Collateral and other security as the Bank sees fit. No such action or omission will reduce the Obligations or affect the Bank's rights hereunder.

6.5 Waivers of Legal Limitations
To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any law which imposes limitations upon the powers, rights or remedies of a secured party, including any law which limits the rights of a secured party to both seize collateral and sue for any deficiency following realization of collateral. Without limitation, the Debtor (if a corporation) agrees that the *Limitation of Civil Rights Act* and Part IV of the *Saskatchewan Farm Securities Act* of the Province of Saskatchewan will not apply to this Agreement or any of the rights, remedies or powers of the Bank or any Receiver hereunder.

6.6 Copy of Documents and Consent to Filings
The Debtor acknowledges having received a copy of this Agreement and waives all rights to receive from the Bank a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Debtor confirms its consent to the filing by the Bank or on its behalf of any such financing statement or financing change statement.

6.7 Notices
Any notice to be given to a party in connection with this Agreement will be given in writing and will be given by personal delivery, by registered mail or by electronic means, addressed to the recipient at its address specified at the end of this Agreement or such other address as may be notified by any party to the other.

6.8 Additional Security and Other Remedies
This Agreement and the security granted hereby are in addition to and not in substitution for any other security or right now or hereafter held by the Bank. This Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Bank. The Bank may sue the Debtor and enforce all of its other rights and remedies in respect of the Obligations without being required to exercise or exhaust any of its rights and remedies hereunder.

6.9 Further Assurances
The Debtor must at its expense do all things and execute and deliver all such financing statements, further assignments and documents as may be reasonably requested by the Bank for the purpose of giving effect to this Agreement and establishing compliance with the obligations of the Debtor hereunder.

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6.10 Discharge
The Debtor will be entitled to a discharge of this Agreement upon written request by the Debtor and full payment, performance and satisfaction of the Obligations. No discharge will be effective unless in writing and executed by the Bank.

6.11 Severability
If any provision of this Agreement were to be found invalid or unenforceable, the remaining terms and provisions of this Agreement will remain in full force and effect.

6.12 Governing Law
This Agreement will be governed by and construed in accordance with the laws of the province in which the office of the Bank specified below is located, except that if such office is located in the province of Quebec, then this Agreement will be governed by and construed in accordance with the laws of the province of Ontario.

This Agreement will bind and be enforceable against the Debtor regardless of whether it has been executed by the Bank.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

Officer Signature(s)

Name:

LESLIE WONG
Barrister & Solicitor
CLARK WILSON LLP
900 - 885 WEST GEORGIA STREET
VANCOUVER, BC V6C 3H1
T. 604.687.5700

(as to all signatures)

Execution Date

Y	M	D
24	11	14

Transferor(s) Signature(s)

ZANATTA SEABORNE 2 HOLDINGS LTD. by its authorized signatory(ies):

Print Name: JASON ZANATTA

Print Name:

NATIONAL BANK OF CANADA

2024 11 14
Date of Execution (YYYY MM DD)

By: _____
(Authorized signature)

ADDRESS OF DEBTOR FOR NOTICE PURPOSES:

800 - 885 West Georgia Street, Vancouver BC V6C 3H1

ADDRESS OF BANK FOR NOTICE PURPOSES:

475 Howe Street, Suite 2900, Vancouver, BC V6C 2B3

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SCHEDULE A

To a General Security Agreement made as of November 14th, 2024 between ZANATTA SEABORNE 2 HOLDINGS LTD., as Debtor and National Bank of Canada, as Bank.

1. **ADDRESS(ES) OF PLACE(S) OF BUSINESS (Section 2.1(a))**
   Principal residence (for individuals only): n/a
   Chief executive office (for businesses only)[1]:
   Registered office (for businesses only)[2]: 800 - 885 West Georgia Street, Vancouver BC V6C 3H1
   Other place(s) of business[3]: none
   Governing law[4]: n/a
   [Indicate governing law for a trust or partnership (other than a limited partnership), otherwise indicate N/A]:

2. **LOCATION OF INVENTORY AND EQUIPMENT (Section 2.1(b))**
   Address(es)[5]: same as above
3. **EQUIPMENT CONSISTING OF SERIAL NUMBER GOODS (Section 2.1(c))[6]**

[1] If the Debtor has only one place of business, indicate the address of that place of business. If the Debtor has more than one place of business, indicate the address of its place of business which is its principal decision-making centre.
[2] Indicate "same as above" if the registered office (legal head office) is at the same address as the chief executive office.
[3] Indicate "none" if the Debtor has no other place of business.
[4] If the Debtor is a partnership (other than a limited partnership) or a trust, indicate the stated governing law in the partnership agreement or deed of trust.
[5] Indicate "same as above" if the inventory and equipment of the Debtor are all located at the address(es) specified in 1.

® The National Bank logo is a registered trademark of National Bank of Canada.

[6] Indicate make, model, year of manufacture, serial number and any registration or governmental mark or number.

® The National Bank logo is a registered trademark of National Bank of Canada.

Schedule "B"

(Demand Letter)

Alan A Frydenlund, KC+ *
Christopher P Weafer+
Gregory J Tucker, KC+ *± **±
Hatley J Harris+
Karl F Richardson+
Jennifer R Loeb+
George J Roper+
Jocelyn M Bellerud+
Brian Y K Cheng+ **
Emma Christian
Harleen K Randhawa
Yue Liu
Jennifer L Benton
Allison R Kuchta+
Ronald G Paton+
Gary M Yaffe+
Jonathan L Williams+
Paul A Brackstone+ *
Michelle Kirby+
Kimberley J Santerre+
Katharina R Spotzl+
Nikta Shirazian+
Lina Yeom
Joshua F James
Isabella K Stuart
Yiceng Li
Daniel W Burnett, KC+
Paul J Brown+
John J Kim+ *± **^
Michael F Robson+
Geoffrey M Bowman+ *
Kaitlin Smiley+
David W P Moriarty+ *±
Jean Feng+
Patrick J Weafer+
Victoria Chen
Brett J Maerz
Coco Wiens-Paris
Annalise MacDonald
Harvey S Delaney+
Patrick J Haberl+
Terence W Yu+
James H McBeath+
Scott H Stephens+
Andrew J Stalner+
Daniel H Coles+ *
Sameer Kamboj+
Laura A Buitendyk
Taahaa Patel
Lily Y Zhang
Tiffany Ho
Ekamjot Singh Deol

Garth M Evans, MB, KC, Associate Counsel
Duncan J Manson, Associate Counsel*
Jeffrey B Lightfoot, Associate Counsel*
Iman Hosseini, Associate Counsel*
Hon Walter S Owen, OC, QC, LLD (1981)
John I Bird, QC (2005)

* Law Corporation
*± Also of the Alberta Bar
**± Also of the Ontario Bar
*^ Also of the NWT Bar
* Also of the Yukon Bar
** Also of the Washington Bar

OWEN·BIRD
LAW CORPORATION

Vancouver Centre II
2900-733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7521
Direct Fax: 604 632-4447
E-mail: sstephens@owenbird.com
Our File: 14719-0657

July 6, 2026

VIA REGISTERED and REGULAR MAIL

Zanatta Seaborne 2 Holdings Ltd.
c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

c/o 105 – 10 West Georgia Street
Vancouver, BC V6C 3H1

Dear Sirs/Mesdames:

Re: Debts Due to National Bank of Canada

We are counsel to National Bank of Canada ("**NBC**"). We are informed that you are in default of the obligations you owe to NBC, including by reason of failure to remit payments on time or at all, failure to deliver required reporting on time or at all, failure to satisfy required financial covenants, failure to provide evidence of insurance, failure to maintain your day-to-day banking with NBC, and failure to ensure your assets are not further encumbered. Accordingly, NBC is entitled to demand repayment of the indebtedness. We are informed that the following sets out the indebtedness as of July 2, 2026:

Facility/Secured Item	Outstanding Balance	Per Diem Interest
Term Loan	$1,982,294.98	$297.09
Legal Fees	$3,500	N/A
Total	**$1,985,794.98**	

Demand is hereby made for the immediate payment to our offices by way of certified cheque or bank draft payable to "Owen Bird Law Corporation, In Trust," in the sum of $1,985,794.98 as of July 2, 2026 plus interest and fees accrued and costs incurred to and including the date funds are received in our offices. Any payment less than the full amount outstanding may be accepted by NBC, but such payments shall not vitiate this demand for payment in full and NBC reserves its right to take whatever steps it deems appropriate to recover the full amount owed notwithstanding such payments.

Unless we are in receipt of the aforementioned sum plus interest and fees accrued and costs incurred to and including the date funds are received in our offices by 5:00pm on July 16, 2026, our client may instruct us to commence proceedings against you forthwith thereafter without further notice to recover the full amounts owing plus costs. Please note that funds received after noon shall be regarded as funds received on the next business day and therefore must include interest to and including the next business day.

Please find enclosed is a copy of our client's Notice of Intention to Enforce Security served upon you pursuant to s. 244 of the *Bankruptcy and Insolvency Act*.

Yours truly,

OWEN BIRD LAW CORPORATION

Scott H. Stephens
SHS/lg
Encl. Notice of Intention to Enforce Security

cc: client
cc: guarantors

FORM 86

Notice of Intention to Enforce Security
[Subsection 244(1)]

To: Zanatta Seaborne 2 Holdings Ltd., Novo Textile Company Ltd. and Novo Holdings Co. Ltd. (collectively, the "insolvent person")

Take notice that:

1. National Bank of Canada (the "**Lender**"), a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All real and personal property interests of the insolvent person charged in favour of the Lender

2. The security that is to be enforced is the following:

   The mortgage, assignment of rents, security agreements, and all other security granted by the insolvent person to the Lender

3. The total amount of the indebtedness secured by the security is:

   $1,985,794.98 as of July 2, 2026 plus interest and fees accrued and costs incurred thereafter

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia this 6th day of July, 2026.

Solicitor for the Lender,
Scott H. Stephens

Name and Address of Solicitor for the Lender:

Scott H. Stephens, Owen Bird Law Corporation, PO Box 1, Vancouver Centre II, 2900-733 Seymour Street, Vancouver, BC V6B 0S6, Tel.: 604-691-7521.

ACKNOWLEDGEMENT, CONSENT AND WAIVER

THE UNDERSIGNED HEREBY:

1. Acknowledges receipt of the above Form 86 Notice;

2. Waives the ten-day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act*;

3. Waives all notice and cure provisions contained in the security referred to in the above Form 86 Notice; and

4. Consents to the immediate enforcement by the Lender of the security referred to in the above Form 86 Notice.

Executed **Zanatta Seaborne 2 Holdings Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

Executed **Novo Textile Company Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

Executed **Novo Holdings Co. Ltd.** on the ____ day of _____, 2026 by its authorized signatory:

_____
Print name:
Title:

Schedule "C"

(The Lands)

PID	Legal Description
031-906-630	STRATA LOT 9 SECTION 8 BLOCK 6 NORTH RANGE 1 EAST NEW WESTMINSTER DISTRICT STRATA PLAN EPS9208

This is Exhibit "**30C**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 21 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

LTSA

NOTICE OF REGISTRATION

Date of Issue: August 21, 2026
Submitter's Name: Amber Tracey
File Reference: 14719-0653

Description: National Bank - Crystalized Floating Charge

The following application(s) have now reached final status:

CRYSTALLIZED FLOATING CHARGE	CB2981775	REGISTERED
CRYSTALLIZED FLOATING CHARGE	CB2981776	REGISTERED

We encourage you to review the registration details. In the event of an error, please email the LTSA Customer Service Centre at customerservice@ltsa.ca immediately.

Product support is available online at https://help.ltsa.ca. You can also call the Customer Service Centre for land title and survey practice matters, or Technical Support for all registry and product questions at 604-630-9630 or toll free at 1-877-577-LTSA (5872). Non-urgent support requests can be submitted online at https://ltsa.ca/contact-us-0.

This is Exhibit "**31**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

NOVO TEXTILE COMPANY LTD

Indebtedness to National Bank of Canada
28-Aug-26

Credit facility # 355639 (5.15%)	$3,317,142.84
Accrued Interest	$157,858.02
Per diem : $468.04	
Credit facility # 060027119873 (P+ 0.50%) (1)	$2,788,000.00
Accrued Interest	$46,502.08
Per diem : $378.1	
Credit facility # 060027120073 (20.99%) (2)	$44,765.01
Accrued Interest	$695.06
Per diem : $25.74	
Subtotal (*)	6,354,963.01 $
Admin Fee(s)	TBD
Legal Fee(s) (3)	TBD
Additional Fee(s)	TBD
Total (*)	**6,354,963.01 $**

(1) This Payout Statement is based on the interest rate in effect at the time of issue. If the credit facility contains a variable interest rate the balances shown are subject to change. For clarity, NBC Prime is 4.45% as of the date this Payout Statement was produced.

(2) Subject to balance fluctuations daily.

(3) Legal fees are subject to change.

(*) Errors and omissions excepted.

Cory Stark
Senior Director

This is Exhibit "**32**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

Zanatta Seaborne Holdings Ltd

Indebtedness to National Bank of Canada
28-Aug-26

Credit facility # 355642 (P + 1.20%) (1)	$1,152,959.95
Accrued Interest	$48,187.36
Per diem : $178.47	
Subtotal (*)	1,201,147.31 $
Admin Fee(s)	TBD
Legal Fee(s) (2)	TBD
Additional Fee(s)	TBD
Total (*)	**1,201,147.31 $**

(1) This Payout Statement is based on the interest rate in effect at the time of issue. If the credit facility contains a variable interest rate the balances shown are subject to change. For clarity, NBC Prime is 4.45% as of the date this Payout Statement was produced.

(2) Legal fees are subject to change.

(*) Errors and omissions excepted.

Cory Stark
Senior Director

This is Exhibit "**33**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

NATIONAL BANK

Zanatta Seaborne Holdings 2 Ltd

Indebtedness to National Bank of Canada
28-Aug-26

Credit facility # 355641 (P + 1.20%) (1)	$1,919,283.30
Accrued Interest	$79,813.62
Per diem : $297.09	
Subtotal (*)	1,999,096.92 $
Admin Fee(s)	TBD
Legal Fee(s) (2)	TBD
Additional Fee(s)	TBD
Total (*)	**1,999,096.92 $**

(1) This Payout Statement is based on the interest rate in effect at the time of issue. If the credit facility contains a variable interest rate the balances shown are subject to change. For clarity, NBC Prime is 4.45% as of the date this Payout Statement was produced.

(2) Legal fees are subject to change.

(*) Errors and omissions excepted.

Cory Stark
Senior Director

This is Exhibit "**34**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 21 day of Aug 2026.

A Commissioner for taking Affidavits within British ~~Columbia~~

Lily Y. Zhang

From: Stark, Cory <cory.stark@nbc.ca>
Sent: Thursday, June 18, 2026 3:03 PM
To: Jason Zanatta <jasonz@novoshield.ca>
Subject: LOC Availability, Transaction History Etc. (Novo Textile Company Ltd. Et al.)

[External Email – Use Caution]

Jason,

We assume the deposit you are referring to is the one made into the Novo Textile Company Ltd. ("Novo") account for ≈$148M on June 9th. While we presume it to be from BC Provincial Health Services Authority (BCPHSA) we can't see any detail in the Bank's system right now.

While looking at the historical Bank statements for the current account of Novo (last three months or so) there appears to be a small number of deposits made, with most being from "BC Clinical" which we assume to be BCPHSA (noted to be the largest single client of Novo). Can you provide details as to what the composition of the other deposits made to the current account would be.

The historical Bank statements reviewed also seem to suggest that the number and dollar value of payments from BCPHSA have decreased. Has business volumes from this key client decreased? If so, please provide details.

Can you also confirm if Novo maintains a current account at another financial institution? If so, provide details as to why and forward on the past three months of statements for our review.

We further note that Zanatta Seaborne Holdings Ltd. ("ZSHL") does not have a current account at the Bank, though loan payments appear to be set to pull from the Novo current account mentioned above and presumably, rent payments from Novo to ZSHL are an accounting entry vs. an actual deposit. That said, can you confirm if ZSHL maintains a current account at another financial institution.

For Zanatta Seaborne 2 Holdings Ltd. ("ZS2HL") a current account is maintained at the Bank, but we don't see any activity for the month of June thus far. Rent presumably paid by the tenant at the property

(Felix Pharmacy West Inc.) would have been paid by now would it not? Is there an issue with the tenant? Is rent being deposited at another financial institution?

As noted in our previous discussions, there are multiple reports that the Bank has not yet received, including those required to accurately determine the limit of the LOC. Troubling is that the last reports provided by the Company for the LOC were for March 31st and we are now into June, with May reports due in a few days – so for the Company to suggest that there is availability on the LOC for loan payments to be made is quite inaccurate (not to mention if historical outstanding balances on the LOC for the past few months were within margin).

Regards,

NATIONAL BANK

Cory Stark
Senior Director, Special Loans
Direct: 780-969-8325
Cell.: 587-921-8921
E-Mail: cory.stark@nbc.ca

National Bank of Canada
Suite 600, 10180 – 101 Street NW, Edmonton, AB T5J 4K1

To contact us, visit nbc.ca. For unsubscribe options, click here.

Head office : 600, De La Gauchetière West, Montreal (Quebec) H3B 4L2

From: Jason Zanatta <jasonz@novoshield.ca>
Sent: June 18, 2026 10:01 AM
To: Stark, Cory <cory.stark@nbc.ca>
Subject: NBC - Backlogged Loan payment

****
PRUDENCE/CAUTION - EXTERNE/EXTERNAL
****

Morning Cory,

Per our discussion – please have the team apply another $50,000 payment from the recent client deposit (available funds in Novo's LOC) to the oldest of the backlogged outstanding term loan owed.

I will have another lump sum payment to apply against the backlogged outstanding term loan payments in 5-10 business days.

Thank you,

Jason

Jason Zanatta
CEO | President
Novoshield PPE Made in BC, Canada
M- 604-812-9385
E- jasonz@novoshield.ca

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This is Exhibit "**35**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Novo Textile Co - March 31st 2026 Inventory List

Category	Description		CAD$ Cost	Total Value

Novoshield PPE Month End totals:

Category	Description	Units/Pounds/Meters	CAD$ Landed	Total CAD Value
Surgical Mask Stock	Total Surgical Mask Inventory Month End:			$ 2,577,564
N95 Mask	Total N95 Mask Inventory Month End:			$ 1,158,931
Packaging	Total Packaging Inventory Month End:			$ 181,434

Total Novoshield PPE Inventory as at March 31st, 2026	**$ 3,917,929**

This is Exhibit "**36**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Novoshield
A/R Aging Summary
As of March 31st 2026

	1 - 30	31 - 60	61 - 90	91 and over	Total
BC (BCPHSA)-01	550,656.23	485,676.24	57,878.65	0.00	1,094,211.12
VEREBURN (MEDLINE CA)-01	220,545.65	75,676.87	0.00	0.00	296,222.52
MANITOBA (PADM)-01	0.00	0.00	0.00	0.00	0.00
TOTAL	**$ 771,201.88**	**$ 561,353.11**	**$ 57,878.65**	**$ 0.00**	**$1,390,433.64**

Friday, May 1st, 2026 05:10:01 a.m. GMT-7

This is Exhibit "36A" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of May. 2026.

A Commissioner for taking Affidavits within British Columbia

AVAILABLE

FOR SALE • WAREHOUSE/DISTRIBUTION

PIVOTAL

950 Seaborne Avenue, #2130, Port Coquitlam, BC V3E 3G7 Canada

SHARE

Building Size

Available Space

Built

CONTACT FOR DETAILS

Alex Eastman
Senior Associate
Vancouver, Canada
+1 (778) 9867300
Download VCard

Rick Eastman
Personal Real Estate Corporation, Executive Vice President, Industrial
Vancouver, Canada
+1 (604) 640-5863
Download VCard

Eric Rice

Building Size
80,364 SF

Available Space
3,249 SF

Built
2020

IMAGES | BROCHURE

OVERVIEW

The subject property is situated between the western cul-de-sac of Seaborne Avenue and Nicola Avenue just west of Hawkins Street within PIVOTAL in the heart of the Dominion Triangle area. It is within close proximity to the Pitt River Bridge and Golden Ears Bridge to the east, Coast Meridian Overpass to the west and being only minutes from the Cape Horn interchange, Port Mann Bridge and Highway #1. PIVOTAL offers a superb location for warehouse and distribution, with excellent profile for accessory retail and office. Immediately nearby there are numerous retail amenities at Fremont Village, including Canadian Tire, Walmart, Costco, Save On Foods, HMart & more.

DETAILS

Building Size:	80,364 SF
Available Space:	3,249 SF
Sale Price:	$1,900,665 CAD
Price Per Unit:	$585.00 / CAD

+1 (604) 640-5863

Download VCard

Eric Rice
Vice President, Industrial
Vancouver, Canada

+1 (604) 6405877

Download VCard

Sale Price:	$1,900,665 CAD
Price Per Unit:	$585.00 / CAD
Year Built:	2020

Pivotal

CONTACT FOR DETAILS

LOCATION

RELATED PROPERTIES

^ SCROLL TO TOP

RELATED PROPERTIES

AVAILABLE

FOR SALE • WAREHOUSE/DISTRIBUTION

1225 Kingsway Avenue

1225 Kingsway Avenue, #2116
Port Coquitlam, BC V3C 1S5
Canada

AVAILABLE

FOR SALE • WAREHOUSE/DISTRIBUTION

Kingsway Corporate Centre

2071 Kingsway Avenue, #707
Port Coquitlam, BC V3C 6N2
Canada

AVAILABLE IN FUTURE

FOR SALE • WAREHOUSE/DISTRIBUTION

Kingsway Business Centre

1952 Kingsway Avenue, #101A & 101C
Port Coquitlam, BC V3C 6C2
Canada

SHOW ALL PROPERTIES

^ SCROLL TO TOP

AVAILABLE

FOR SALE • WAREHOUSE/DISTRIBUTION

1225 Kingsway Avenue

1225 Kingsway Avenue, #2116
Port Coquitlam, BC V3C 1S5
Canada

AVAILABLE

FOR SALE • WAREHOUSE/DISTRIBUTION

Kingsway Corporate Centre

2071 Kingsway Avenue, #707
Port Coquitlam, BC V3C 6N2
Canada

AVAILABLE IN FUTURE

FOR SALE • WAREHOUSE/DISTRIBUTION

Kingsway Business Centre

1952 Kingsway Avenue, #101A & 101C
Port Coquitlam, BC V3C 6C2
Canada

SHOW ALL PROPERTIES

As a global commercial real estate services leader with 53,000 professionals worldwide, we will never settle for the world that's been built, but relentlessly drive it forward for our clients, colleagues and communities.

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CUSHMAN & WAKEFIELD

FOR SALE
UNIT 2130
950 SEABORNE AVENUE
PORT COQUITLAM, BC

NEAR NEW MODERN INDUSTRIAL SPACE OF 3,249 SF

PRICE REDUCED

PIVOTAL

Alex Eastman
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Personal Real Estate Corporation
Executive Vice President, Industrial
+1 604 640 5863
rick.eastman@cushwake.com

CUSHMAN & WAKEFIELD

FOR SALE
UNIT 2130
950 SEABORNE AVENUE
PORT COQUITLAM, BC

LOCATION
The subject property is situated between the western cul-de-sac of Seaborne Avenue and Nicola Avenue just west of Hawkins Street within PIVOTAL in the heart of the Dominion Triangle area. It is within close proximity to the Pitt River Bridge and Golden Ears Bridge to the east, Coast Meridian Overpass to the west and being only minutes from the Cape Horn Interchange, Port Mann Bridge and Highway #1. PIVOTAL offers a superb location for warehouse and distribution, with excellent profile for accessory retail and office. Immediately nearby there are numerous retail amenities at Fremont Village, including Canadian Tire, Walmart, Costco, Save On Foods, HMart & more.

LEGAL DESCRIPTION
Strata Lot 20, Plan EPS7008, Section 8, Range 1E, New Westminster Land District, Together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on form V.

AVAILABLE AREA

Main Floor Warehouse	2,163 SF
Second Floor Office	1,085 SF
Total Available Area	**3,249 SF**

STRATA FEES
$675.00 per month

PROPERTY TAXES
$18,561.78 (2025)

SHARE SALE
Contact Listing Agents

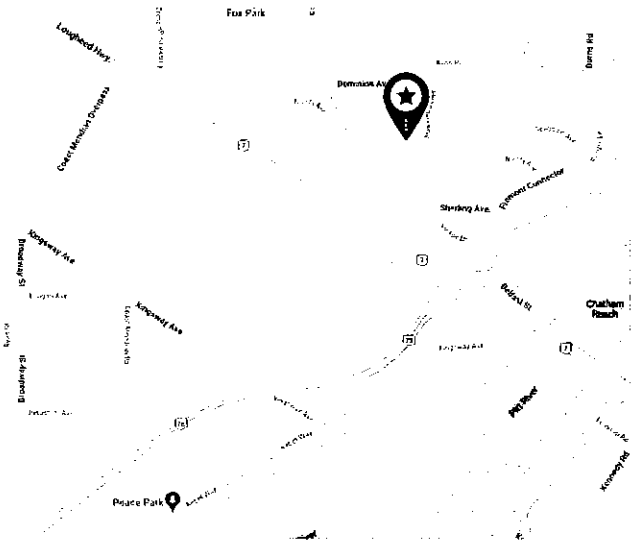
ASSET SALE
Contact Listing Agents

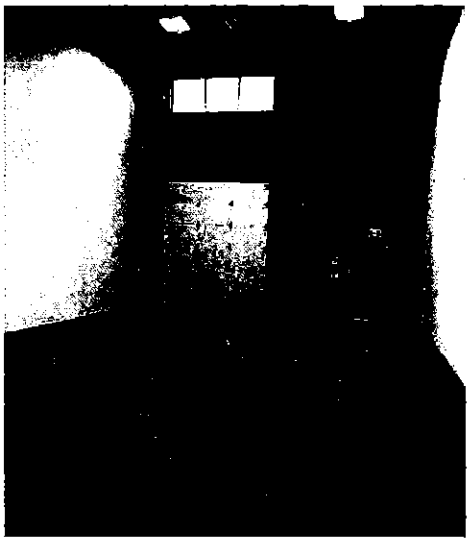
ZONING
M-3 (Clean Industrial) zoning allows for uses including clean manufacturing, high tech, commercial indoor recreation, warehousing and select office and retail uses.

PROPERTY FEATURES
- Quality design & construction by Conwest
- Concrete tilt-up construction
- High end architecturally designed building
- Extensive ground & mezzanine level glazing
- ESFR rated sprinkler system
- Three (3) designated parking spaces, EV charging rough-in

WAREHOUSE
- Minimum 22' ceiling heights
- 500 lbs per square foot floor load rating
- Forced air gas warehouse heater
- Skylight in warehouse
- LED lighting
- 100 amp, 347/600 volt, 3 phase electrical service
- One (1) rear 10' x 12' grade level loading door

SECOND FLOOR OFFICE
- HVAC system
- 9' ceiling height under t-bar ceiling
- Private offices
- Meeting room
- One (1) 2-pc washroom
- Kitchenette with sink, and upper & lower cabinetry
- Vinyl & carpet tile flooring
- LED lighting





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This is Exhibit "**37**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 21 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Balance Sheet
Novo Textile Company Ltd.
As of December 31, 2025

Distribution account	Total
Assets	
Current Assets	
Cash and Cash Equivalent	
11000 National Bank of Canada - Cheq 2078	0.00
11010 Paid by shareholder	0.00
Total for Cash and Cash Equivalent	$0.00
Accounts Receivable (A/R)	
12000 BC PHSA	0.00
12020 Accounts Receivable	1,630,368.04
Total for Accounts Receivable (A/R)	$1,630,368.04
13300 Prepaid Inventory	0.00
13310 Prepaid Licenses & Dues	0.00
14200 Inventory	3,355,258.00
Total for Current Assets	$5,185,626.04
Non-current Assets	
Property, plant and equipment	
15200 Office Equipment and Furniture	46,798.70
Furniture	-44,297.58
Furniture	$2,501.12
15300 Computer Equipment	55,169.05
15305 Acc. Amrt. Computer Equipment	-55,169.05
Total for 15300 Computer Equipment	-$0.01
15400 Shop Equipment	6,656,930.87
15405 Acc. Amrt. Shop Equipment	-2,339,785.38
Total for 15400 Shop Equipment	$4,317,145.49
15420 Printing Plates	1,000.00
15425 Acc. Amrt. Printing Plates	-902.16
Total for 15420 Printing Plates	$97.84
15440 Sales Wire Racking	20,527.11
15445 Acc. Amrt. Sales Wire Racking	-18,518.63
Total for 15440 Sales Wire Racking	$2,008.48
15500 Automobiles	58,322.08
15505 Acc. Amrt. Automobiles	-58,157.89
Total for 15500 Automobiles	$164.19
Total for Property, plant and equipment	$4,322,025.11
19230 Trademark	99,847.30
19240 Intellectual Property	28,166.21
19280 N95 mask development	253,184.33
19280 N95 mask development - wages	360,863.26
28000 Due From Novo Holdings	0.00
29000 Due from Zanetta Seahorse	-47,300.00
Total for Non-current Assets	$5,023,886.21
Total for Assets	$10,217,512.25
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
20100 Accounts Payable	35,202.97
20105 EHT Accrual	99,085.69
Total for Accounts Payable (A/P)	$134,288.66
Credit Card	
20600 LOC Outstanding Balance	2,850,000.00
20610 National Bank of Canada - CC	0.00
Total for Credit Card	$2,850,000.00
20200 Bonus Payable	0.00
20300 CPP payable on bonus	0.00
20510 Accrued liabilities	0.00
21100 Corporate Tax Payable	0.00
22000 Accrued Vacation Payable	0.00
22200 WCB Payable	0.00
23100 GST/HST Payable	0.00
23110 GST Collected - error	0.00
23115 GST ITCs - overclaimed	0.00
23116 GST - ITCs additional due to YE AJE	0.00
23200 PST Payable (BC)	0.00
23205 PST Suspense (BC)	0.00
Total for 23200 PST Payable (BC)	$0.00
24720 Current Portion of Long Term Debt - PY	0.00
24730 Current Portion of Capital Lease	0.00
24733 Current Portion of Capital Lease - 2 - PY	0.00
24820 BDC Loan Current Portion - Andritz	0.00
29005 Due from Novo Seahorse 2 Holdings Ltd	-75,000.00
29010 Due to/from Zanetta Family Trust	-125,629.35
29015 Due to Zanetta Seahorse 2	187,349.50
29020 Due from Director	-2,786,089.86
GST/HST Payable do not use	0.00
GST Payable - do not use	0.00
GST Payable - PY do not use	0.00
MNP - 4 Current portion of LT debt Conba	-448,272.00
PST Payable - do not use	0.00
PY 2350 Current portion of long term debt	448,272.00
PY 2400 Accrued Liabilities	28,500.00
Total for Current Liabilities	$113,419.85
Non-current Liabilities	
26020 BDC Loan Long Term - Andritz	0.00
26030 National Bank Equipment Loan - #0979	3,409,248.57
26040 CWB Equipment Loan - N95s	0.00
Total for Non-current Liabilities	$3,409,248.57
Total for Liabilities	$3,522,667.42
Equity	
00001 Equity	0.00
31200 Class B Common Shares	10.00
32100 Preferred Shares	80,000.00
33200 Contributed Surplus	366,000.00
33800 Opening Balance Equity	3,673,219.88
Dividends	0.00
33110 Retained Earnings	316,603.27
Net Income	2,049,056.70
Total for Equity	$6,694,844.83
Total for Liabilities and Equity	$10,217,512.25

This is Exhibit "**38**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 21 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

AMENDED AND RESTATED LEASE AGREEMENT

BETWEEN: **ZANATTA SEABORNE 2 HOLDINGS LTD.**
(as Landlord)

AND: **FELIX PHARMACY WEST INC.**
(as Tenant)

AND: **FELIX HEALTH INC.**
(as Covenantor)

Address: #1150 – 955 Seaborne Avenue,
Port Coquitlam, B.C. V3E 3G7
Date: January 9, 2024
Effective Date: December 15, 2023

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SCHEDULE "F" INDEMNITY AGREEMENT

THIS AMENDED AND RESTATED LEASE made effective this 15th day of December, 2023

BETWEEN:

ZANATTA SEABORNE 2 HOLDINGS LTD. (Incorporation No. BC1344370)
#105 – King Edward Street
Coquitlam, B.C. V3K 4S8
(the "**Landlord**")

AND:

FELIX PHARMACY WEST INC. (Incorporation No. BC1335266)
#110 – 3001 Gordon Avenue,
Coquitlam, B.C. V3C 2K7
(the "**Tenant**")

AND:

FELIX HEALTH INC. (Registration Number in BC: A0124854)
#110 – 3001 Gordon Avenue,
Coquitlam, B.C. V3C 2K7
(the "**Covenantor**")

Whereas the parties entered into a lease dated December 15, 2023 for the Premises (the "Original Lease"), which inadvertently contained an inaccurate reference for the amount of the Deposit and contained no page numbers. The parties hereto desire to amend and restate the Original Lease to correct these inaccuracies.

In consideration of the rents, covenants and agreements set forth in this Lease, the Landlord and the Tenant and the Covenantor, if any, hereby covenant and agree as follows:

The following Summary of Lease Provisions is attached to and forms a part of this Lease:

(a) Complex: THE STRATA PLAN EPS9208, located at #1150 995 Seaborne Avenue, B.C.

(b) Premises: Currently known as Unit #1150 in the location generally as shown cross-hatched on Schedule "B".

(c) Rentable Area: Approximately 3,233 square feet in the configuration generally as shown on Schedule "B" (subject to Section 3.3).

(d) Term: Three (3) years (subject to Section 2.2), plus the balance of the calendar month if the Commencement Date occurs on a day other than the first day of a calendar month.

(e) Commencement Date: The Term will commence on January 20, 2024.

(f) Fixturing Period: From December 20, 2023 to January 19, 2023.

(g) Minimum Rent (subject to Section 3.3):

Lease Years	Per Sq. Ft.	Per Month	Per Annum
1	$22.50	$6,061.88	$72,742.50
2	$23.00	$6,196.58	$74,359.00
3	$23.50	$6,331.29	$75,975.50

(h) Deposit: $16,407.48 to be held pursuant to Section 3.6.

(i) Permitted Use: Only for the purposes of a licensed pharmacy, including the storage and distribution of mail-order prescription drugs directly to patients, and ancillary office use, and for no other use. It is the Tenant's sole responsibility to confirm to its satisfaction that the use of the Premises contemplated hereunder is permitted under and complies with all applicable zoning and other laws and does not violate any restrictive covenants set out in Schedule "E".

(j) Option to Renew: Two (2) options to renew for an additional three (3) year term in accordance with Article 24.

(k) Co-Covenantor: Name: **FELIX HEALTH INC.**
Description/Relationship to Tenant: parent company and controlling shareholder
Address: #110 – 3001 Gordon Avenue,
Coquitlam, B.C. V3C 2K7

Each reference in this Lease to any of the above described basic terms will be interpreted to include the above provisions and all of the additional terms and conditions of the applicable articles and sections of this Lease where such basic terms are referred to.

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Lease:

(a) "**Additional Rent**" means all money or charges which the Tenant is required to pay under this Lease, other than Minimum Rent, whether or not designated as "Additional Rent" and whether or not payable to the Landlord or third parties;

(b) "**Business Day**" or "**business day**" means any day which is not a Saturday, Sunday or a statutory holiday observed in the Province in which the Premises are located;

(c) "**Bylaws**" means the bylaws of the Strata Corporation in force under the *Strata Property Act* (British Columbia), as amended from time to time;

(d) "**Co-Covenantor**" means the party or parties described in Section (k) of the Lease Summary, and the heirs, executors, personal representatives, administrators and successors thereof.

(e) "**Commencement Date**" means the date set out in or determined pursuant to paragraph (e) of the Lease Summary;

(f) "**Common Property**" means the common property for the use of the owners and occupants of one or more of the Strata Lots, including without limitation, the Parking Facilities and any other common areas for the use or benefit of the Tenant in common with other tenants, occupants or owners of Strata Lots;

(g) "**Complex**" means the light industrial strata complex known as "THE, STRATA PLAN EPS9208" located at #1150 995 Seaborne Avenue, Port Coquitlam, BC, together with the buildings, improvements and facilities, as subsequently added, altered, expanded or reduced from time to time;

(h) "**Day**" or "**day**" means a calendar day;

(i) "**Deposit**" means the amount set out in paragraph (h) of the Lease Summary;

(j) "**Effective Date**" means the date first above written on which this Lease became effective;

(k) "**Fixturing Period**" means a period as set out in or determined pursuant to paragraph (f) of the Lease Summary;

(l) "**Hazardous Substances**" means any explosives, radioactive materials, asbestos materials, urea formaldehyde, chlorobiphenyls (PCBs), hydrocarbon contaminants, underground or above ground tanks, pollutants, contaminants, dangerous substances or goods, hazardous, corrosive or toxic substances, special waste or waste of any kind, or any other substance the storage, use or other dealing of which is prohibited or controlled under any statute, regulation, bylaw or other lawful requirement of any governmental authority with respect to the environment, health or occupational health and safety, product liability or transportation of dangerous goods, including the principles of common law and equity;

(m) "**Lease**" means this Amended and Restated Lease Agreement, together with the Lease Summary and all Schedules attached hereto, as amended from time to time;

(n) "**Lease Summary**" means the initial provisions of this Lease set out on the pages headed "Summary of Lease Provisions";

(o) "**Lease Year**" means each consecutive twelve (12) month period commencing initially on the Commencement Date and thereafter on successive anniversary dates of the Commencement Date (plus the balance of the first calendar month if the Commencement Date occurs on a day other than the first day of the month);

(p) "**Management Fee**" means an administrative and supervisory fee, being an agreed pre-estimate of the overhead expenses of the Landlord which are not reasonably capable of being allocated or directly attributed to the maintenance, operation, supervision or administration of the Premises, equal to five percent (5%) of the aggregate of Minimum Rent, Operating Costs (excluding this Management Fee) and Real Property Taxes, payable by the Tenant under this Lease;

(q) "**Minimum Rent**" means the amounts payable by the Tenant pursuant to Section 3.1 and more particularly set out in paragraph (g) of the Lease Summary;

(r) "**Operating Costs**" means total of all expenses, costs, fees, levies, rentals, disbursements and outlays of every nature and kind incurred, accrued, paid, payable or attributable, whether by or on behalf of the Landlord, without duplication, for operating, maintaining, servicing, repairing, restoring, replacing, improving, equipping, insuring, cleaning, lighting, securing, policing, supervising, managing and administering the Landlord's Property or any portion thereof, in each Operating Year, including, without limitation, all Strata Fees (other than special levies, if any, levied against the Landlord that relate to the replacement of any structural component within the Complex, including the roof, in which case such special levy will be amortized under acceptable accounting practices for the useful life of the structural component to which the special levy relates) and Management Fees;

(s) "**Operating Year**" means:

(i) for the first Operating Year, that period which begins on the Commencement Date and terminates on the next following December 31, and

(ii) thereafter, 12 month periods which begin in each case on January 1 and end on December 31, except for the last Operating Year which will terminate on the expiry or earlier termination of the Term or any renewal or extension term,

except that if the Landlord considers it reasonably necessary for the Landlord's accounting procedures, the Landlord may deliver notice to the Tenant specifying an annual date on which each subsequent Operating Year is to commence and, in such event, the then current Operating Year will terminate on the day preceding that date. The Landlord will not change the Operating Year if its sole purpose is to increase Rent, nor will it change an Operating Year to shorten the Term;

(t) "**Parking Facility**" or "**Parking Facilities**" means the common parking spaces for the Complex and those parking spaces designated as limited common property exclusively for the use of occupants and invitees of the Strata Lots;

(u) "**Premises**" means those premises legally described as PID: 031-906-630 Strata Lot 9 Section 8 Block 6 North Range 1 East New Westminster District Strata Plan EPS9208, having a Rentable Area set out in paragraph (c) of the Lease Summary, the boundaries and location of which are indicated on the Strata Plan;

(v) "**Real Property Taxes**" means all real property, sewer, municipal and other property taxes, rates, levies, duties and assessments whatsoever (including local improvement rates and assessments) whether general or special, of any nature whatsoever, including school, local improvement and parking taxes and rates, levied or assessed by any lawful authority against the Premises or against the Landlord on account of its ownership thereof, together with the costs of the Landlord in contesting or negotiating the same;

(w) "**Rent**" means the aggregate of all amounts, charges and expenses payable by the Tenant pursuant to this Lease;

(x) "**Rentable Area**" means the rentable area of the Premises as shown on the Strata Plan and set out in paragraph (c);

(y) "**Rules and Regulations**" means the rules and regulations of the Strata Corporation and the Landlord, including those set out in Schedule "D" hereto, as may be amended from time to time

(z) "**Sales Taxes**" means any and all goods and service taxes, harmonized sales taxes, sales taxes, value added taxes, business transfer taxes or any other taxes imposed on the Landlord with respect to Rent payable by the Tenant to the Landlord under this Lease, or in respect of the rental of space under this Lease whether characterized as a goods and services taxes, harmonized sales taxes, sales taxes, value added taxes, business transfer taxes or otherwise;

(aa) "**Separate Tax Assessment**" means tax assessments or real property tax assessments issued by the taxing authority under a separate roll number;

(bb) "**Strata Corporation**" means any strata corporation for the Complex or any portion thereof established in accordance with the provisions of the *Strata Property Act*, R.S.B.C. 1998 c. 43 as the same may be amended or replaced from time to time;

(cc) "**Strata Fees**" means all fees, contingent fees, assessments, special assessments or levies, and other payments levied or assessed by the Strata Corporation pursuant to the *Strata Property Act* or the Bylaws or Rules and Regulations, including without limitation, contributions to the operating fund and the contingency reserve fund, but only to the extend that such costs accrued following Commencement Date;

(dd) "**Strata Lot**" means any of the strata lots forming part of the Complex, and "**Strata Lots**" means more than one Strata Lot;

(ee) **"Strata Plan"** means Strata Plan ESP9208 filed in the Land Title Office on March 6, 2023, as may be amended from time to time; and

(ff) **"Term"** means the period specified in paragraph (d) of the Lease Summary and Section 2.2, or as renewed or extended pursuant to the terms of this Lease.

1.2 References

All references in this Lease to schedules, articles, sections and other subdivisions refer to the corresponding schedules, articles, sections and other subdivisions of this Lease and the words "herein", "hereof", "hereby", "hereunder" and the words of similar import refer to this Lease as a whole and not to a particular article, section or subdivision of this Lease.

1.3 Currency

All dollar amounts referred to in this Lease are in Canadian funds.

1.4 Interpretation and Governing Law

The captions, headings, section numbers, article numbers, and table of contents appearing in this Lease are inserted only as a matter of convenience for reference only and in no way define, limit, enlarge, construe or describe the scope, meaning or intent of the articles or sections of this Lease or any of its provisions. This Lease will be interpreted and governed by the laws of the Province of British Columbia and the applicable laws of Canada.

1.5 Partial Invalidity

If a term, covenant or condition of this Lease or the application thereof to any person or circumstance is held invalid or unenforceable to any extent, the remainder of this Lease, or the application of the term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term, covenant and condition of this Lease will be valid and enforceable to the fullest extent permitted by law.

1.6 Time of Essence

Time is of the essence of this Lease.

1.7 Schedules

All Schedules attached to this Lease are incorporated into and form part of this Lease.

1.8 Joint and Several

If the Tenant is comprised of more than one party, then all of the covenants, agreements, representations, and warranties of each of the parties comprising the Tenant will be joint and several covenants, agreements, representations, and warranties of such parties.

1.9 Number and Gender

All references to any party to this Lease will be read with such changes to number and gender as the context or reference to the parties may require.

1.10 Bolding, Underlining and Striking Through

All provisions of this Lease will be construed as covenants and agreements. Any language or wording in this Lease, which has been struck through, will be deemed not to have ever been included herein and will not be considered construing or interpreting any other provision of this Lease, nor will there be any implication that by the deflection of any language or wording, the parties hereto intended to state the opposite of the struck through language or wording. Any language or wording in this Lease which has been bolded or underlined will be deemed to have always been included herein and the bolding or underlining of such language or wording will not be considered in construing or interpreting any other provision of this Lease, nor will there be any implication that by the bolding of any language or wording, the parties hereto intended to state anything other than the language or wording so stated.

1.11 Taxes

Rent and all other monies payable under the Lease are subject to applicable Sales Taxes, unless the Tenant is exempt from Sales Taxes and provides proof thereof.

1.12 Form of Notice

Any notice, request, consent or approval given, made, or required under this Lease must be in writing, whether or not specified.

ARTICLE 2
GRANT OF LEASE

2.1 Grant

The Landlord hereby demises and leases the Premises to the Tenant, and the Tenant hereby leases the Premises from the Landlord, to have and to hold during the Term, subject to the terms and conditions of this Lease.

2.2 Term

The Tenant will have and hold the Premises for and during the Term commencing on the Commencement Date.

The Tenant may not use or occupy the Premises or any part thereof before the Term except with the Landlord's prior written consent and only on the terms and conditions of this Lease and any default arising during such occupancy will be a default under this Lease. If the Tenant commences carrying on business with the public in any part of the Premises during any period prior to the Commencement Date stated in the Lease Summary, that period will be added to the Term without further documentation and the Fixturing Period will be shortened by excluding that period. For the purposes of this Section the Tenant will be deemed to continue to carry on business with the public from the date on which it commences to do so until the date stated in the Lease Summary as the Commencement Date.

The Landlord will not be liable to the Tenant for any loss, damage or inconvenience resulting from any delay in delivering possession of the Premises to the Tenant.

2.3 Quiet Enjoyment

If the Tenant performs its obligations under this Lease, the Tenant may peaceably possess and enjoy the Premises for the Term without interference by the Landlord or any other person claiming by, through or under the Landlord, subject to the terms, covenants and conditions of this Lease.

2.4 Acceptance of Premises

The taking of possession of all or any portion of the Premises by the Tenant shall be conclusive evidence that the Premises are in satisfactory condition on the Commencement Date subject only to latent defects and to those deficiencies (if any) listed in written notice delivered by the Tenant to the Landlord not more than fifteen (15) days after the Commencement Date (**"Deficiency Notice"**). Notwithstanding the foregoing, the Tenant agrees that there is no promise, representation or undertaking by or binding upon the Landlord with respect to any alteration, remodelling or decorating of or installation of equipment or fixtures in the Premises except such (if any) as is expressly set forth in this Lease and that in the case of any such express provision then, subject only to deficiencies in the Landlord's Work set out in the Deficiency Notice. A certificate of the Landlord's architect confirming that the Landlord has fulfilled the Landlord's obligations in respect to the Premises will bind the parties in any event.

ARTICLE 3
RENT

3.1 Minimum Rent

The Tenant will pay to the Landlord, or as the Landlord may in writing direct, in lawful money of Canada, without any prior demand and without any deduction, abatement or set-off whatsoever, as fixed annual Minimum Rent the amounts set out in paragraph (g) of the Lease Summary. Minimum Rent will be payable in equal, consecutive, monthly instalments in advance on the first day of each month during the Term from the Commencement Date, unless otherwise specified in this Lease.

3.2 Rent for Irregular Periods

All Rent reserved herein will be deemed to accrue from day to day, and if for any reason it will become necessary to calculate Rent for irregular periods of less than one year an appropriate pro-rata adjustment will be made on a daily basis in order to compute Rent for that irregular period.

3.3 Calculation of Areas

If the Rentable Area of the Premises as set out in the Strata Plan is ever altered and different than as set forth in paragraph (c) of the Lease Summary, the annual Minimum Rent and the monthly instalments thereof payable pursuant to Section 3.1 will be adjusted based on the rates per square foot of Rentable Area per annum set forth in the Lease Summary, and all other numbers calculated with reference to Rentable Area will be adjusted accordingly.

3.4 Additional Rent

From the Commencement Date, the Tenant will pay to the Landlord, as Additional Rent, without prior demand therefor (except as provided in this Lease) and without any deduction, abatement or set-off whatsoever:

(a) the Operating Costs for each Operating Year, which will be payable in the manner and at the times set forth in Article 5 and is estimated to be $6.00 per square foot of the Rentable Area of the Premises, as of the date of this Lease;

(b) the Real Property Taxes for each Operating Year, which will be payable in the manner and at the times set forth in Article 6;

(c) the cost of utilities consumed in or on the Premises in accordance with Section 7.1, (provided such utilities are not payable directly to the utility supplier by the Tenant) and any other costs which relate directly to the Premises and the Tenant's use and occupancy of the Premises; and

(d) any other money required to be paid by the Tenant under this Lease, whether or not the same be designated as "Additional Rent" or whether the same be paid to the Landlord or to third parties.

3.5 Payment of Rent

Rent is due in advance on the first (1st) day of each and every month during the Term of the Lease and any renewals or extensions thereof from the Commencement Date and will be paid via electronic funds transfer (EFT) initiated by the Tenant and paid to the Landlord's designated bank account, as the Landlord may change upon notice to the Tenant from time to time, at the Tenant's cost and without prejudice to any other right or remedy of the Landlord. Any Rent payment that is returned or incomplete due to insufficient funds or other reason will be subject to a return charge that is currently set at $125.00 per occurrence, and is subject to adjustment by the Landlord from time to time. Monthly invoices will not be sent, unless the monthly invoice amount changes.

3.6 Security Deposit

Prior to taking possession of the Premises, the Tenant will pay to the Landlord the Deposit as set out in the Lease Summary. The Deposit will be applied to the first (1st) months' Minimum Rent and Additional Rent and the remainder will held by the Landlord throughout the balance of the Term and any extension or renewal thereof, without liability for payment of interest thereon, as security (the "**Security Deposit**") for the faithful performance and observance by the Tenant of the terms, provisions, covenants, and conditions of this Lease, and any modification, extension or renewal thereof.

The Landlord may, at its sole discretion, retain, use, or apply the whole or any part of the Security Deposit, without liability for payment of interest thereon, to the extent required for payment of any:

(a) Minimum Rent;

(b) Additional Rent;

(c) other sums which the Tenant is obligated to pay under this Lease;

(d) sums that the Landlord may expend or may be required to expend by reason of the Tenant's default of this Lease;

(e) loss or damage that the Landlord may suffer by reason of the Tenant's default, including, without limitation, any damages incurred by the Landlord or deficiency resulting from the re-letting of the Premises, whether such damages or deficiency accrues before or after summary proceedings or other re-entry by the Landlord; or

(f) costs incurred by the Landlord in connection with the cleaning or repair of the Premises upon expiration or earlier termination of this Lease.

In no event will the Landlord be obligated to apply the Security Deposit, and the Landlord's right to bring an action or special proceeding to recover damages or otherwise to obtain possession of the Premises before or after the Landlord's declaration of the termination of this Lease for non-payment of Rent or for any other reason will not be affected by reason of the fact that the Landlord holds the Security Deposit. The Security Deposit will not be a limitation on the Landlord's damages or other rights and remedies available under this Lease, or at law or equity; nor will the Security Deposit be a payment of liquidated damages.

The Security Deposit will not be an advance payment of Rent. If the Landlord uses, applies, or retains all or any portion of the Security Deposit, the Tenant will restore the Security Deposit to its original amount within five (5) business days after written demand from the Landlord. The Tenant will be in default if the Tenant fails to timely comply with this Section.

If the Tenant wilfully and faithfully complies with all the terms, provisions, covenants, and conditions of this Lease, and any modification, extension, or renewal thereof, any part of the Security Deposit not used, applied, or retained by the Landlord will be returned to the Tenant within thirty (30) days after the Tenant has discharged all of its obligations under this Lease, and any modification, extension, or renewal thereof, but not earlier than the date of expiration or the sooner termination of this Lease.

In the event of a sale of the Premises (including to a mortgagee upon foreclosure of its mortgage), the Landlord will have the right to transfer the Security Deposit to the purchaser, as the case may be, and the Landlord will thereupon be released by the Tenant from all liability for the return of the Security Deposit; and the Tenant agrees to look solely to the purchaser for the return of the Security Deposit.

The acceptance by the Landlord of the Security Deposit submitted by the Tenant will not render this Lease effective unless and until the Landlord will have executed and delivered to the Tenant a fully executed copy of this

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Lease. The Landlord will not be required to keep the Security Deposit in an interest-bearing account and, if it does so, any interest will accrue to the benefit of the Landlord.

ARTICLE 4
NET LEASE

4.1 Net Lease

This Lease is a completely carefree net lease for the Landlord. Except as will be otherwise provided in the specific provisions contained in this Lease, the Landlord will not be responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Premises, their use or the contents thereof, excepting only the Landlord's income taxes in respect of income received from leasing the Premises, and the Tenant, except as will be otherwise provided in the specific provisions contained in this Lease, will pay all charges, impositions and costs of every nature and kind relating to the Premises, whether or not referred to herein and whether or not within the contemplation of the Landlord and the Tenant.

ARTICLE 5
OPERATING COSTS

5.1 Instalment Payments for Additional Rent

The Landlord will estimate the amount of the Operating Costs and Real Property Taxes for each Operating Year or other period as the Landlord may determine and the Tenant will pay to the Landlord the estimated Operating Costs and Real Property Taxes in monthly instalments in advance during such period together with the monthly instalments of Minimum Rent.

5.2 Operating Cost Statements

Unless delayed by causes beyond the Landlord's reasonable control, the Landlord will deliver to the Tenant, within one hundred twenty (120) days after the end of each Operating Year, a written statement (the "Statement") in reasonable detail setting forth the particular items comprising the amounts of the Operating Costs and Real Property Taxes for such Operating Year. If the aggregate of the monthly instalments actually paid by the Tenant for the Operating Year is different than the actual amount of the Operating Costs and Real Property Taxes payable by the Tenant for such Operating Year, then, within thirty (30) days after the date of delivery of the Statement, the Tenant will pay to the Landlord or the Landlord will refund to the Tenant the difference (as the case may be), except that the Landlord may deduct any Rent which the Tenant then owes to the Landlord.

5.3 Apportionment of Additional Rent

Intentionally Deleted.

5.4 Review of Additional Rent

If the Tenant disputes the accuracy of any determination within one (1) year after relevant the Operating Year and the Landlord and the Tenant fail to settle the matter within thirty (30) days, the matter shall be referred by the Landlord to its certified accountant for prompt decision. The Tenant shall pay in accordance with the determination until such decision is rendered. The accountant's signed decision shall be final and binding on both the Landlord and the Tenant. Any adjustment required to be made to as a result of the accountant's decisions shall be made within fifteen (15) days thereof, and the Tenant shall bear all costs of the accountant unless the adjustment is greater than 5% and made in favour of the Tenant, in which case all costs of the accountant shall be borne by the Landlord.

The Tenant may not claim a re-adjustment in respect of any Additional Rent whether paid or payable in instalments or otherwise, if based on any error of estimation, allocation, calculation or computation, unless claimed in writing within one (1) year after the end of the Operating Year within which such Additional Rent accrued.

5.5 Operating Costs

For greater certainty, the Landlord will not be obligated to do or undertake any of the actions described in the definition of Operating Costs contained in Section 1.1(r) except as otherwise specifically required elsewhere in this Lease, and the doing or undertaking by the Landlord of any of the actions described in that definition will not in any manner whatsoever restrict or limit any of the Tenant's covenants contained in this Lease.

ARTICLE 6
TAXES

6.1 Real Property Taxes

The Tenant will pay to the Landlord for each Operating Year, the Real Property Taxes. The Landlord may estimate in advance for such fiscal period as the Landlord determines, the Real Property Taxes and the Tenant agrees to pay the Landlord its estimated Real Property Taxes in monthly instalments in advance during such fiscal period together with the monthly instalments of Minimum Rent. The copy of the tax bill submitted by the Landlord to the Tenant will be sufficient evidence of the amount of taxes assessed or levied against the Premises. If the Tenant will have paid in excess of the actual Real Property Taxes levied or assessed against the Premises for such fiscal period, the excess will be refunded by the Landlord within a reasonable period of time. If the amount

paid by the Tenant is less than the actual Real Property Taxes for such fiscal period, the Tenant agrees to pay such deficiency to the Landlord within thirty (30) days of the Landlord's written request. It is the intent of this Section that the Landlord may, at its option, from time to time, select such fiscal period as it considers appropriate for the payment of Real Property Taxes so that when Real Property Taxes are payable by the Landlord to the appropriate lawful authority, the Landlord will have collected sufficient sums from the Tenant to pay the same.

6.2 Separate Tax Assessments

If there is a Separate Tax Assessment made against the Premises, the Tenant agrees to pay all such taxes attributable to the Premises as a result of such Separate Tax Assessment in the manner set out in Section 6.1, or directly to the taxing authority when due if required by the Landlord.

6.3 Other Taxes Payable by the Tenant

In every Operating Year, the Tenant will pay and discharge when due and payable, all taxes, rates, duties and assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, machinery, equipment and facilities of the Tenant on or in the Premises, other than Real Property Taxes and every taxes and licence fee in respect of any and every business carried on in the Premises or in respect of the use or occupancy thereof by the Tenant (and every sub tenant or licensee), whether such taxes, rates, duties, assessments and licence fees are charged by any municipal, parliamentary, school or other body, against the Tenant or against the Landlord on account of the Tenant's use and occupancy of the Premises. The Tenant will upon request of the Landlord, deliver to the Landlord for inspection, receipt for payment of all such taxes and other charges payable by the Tenant pursuant to this Section, which were due and payable up to one (1) month prior to such request, and in any event will furnish to the Landlord evidence of payment satisfactory to the Landlord before the twenty-first (21st) day of January in each year covering payments for the preceding year. The Tenant will indemnify and save harmless the Landlord from and against payment of all loss, costs, charges and expenses occasioned by, or arising from any and all such taxes, rates, duties, assessments, licence fees, and any and all taxes which may in future be levied in lieu of such taxes and any such loss, costs, charges, and expenses suffered by the Landlord may be collected by the Landlord as Rent.

6.4 Sales Taxes

The Tenant will pay to the Landlord an amount equal to all Sales Taxes, it being the intention of the parties that the Landlord will be fully reimbursed by the Tenant with respect to any and all Sales Taxes payable by the Landlord. The amount of the Sales Taxes so payable by the Tenant will be calculated by the Landlord in accordance with the applicable legislation and will be paid to the Landlord at the same time as the amounts to which such Sales Taxes apply are payable to the Landlord under the terms of this Lease or upon demand at such other time or times as the Landlord from time to time determines. Despite any other provision in this Lease, the amount payable by the Tenant under this Section will be deemed not to be Rent, but the Landlord will have all of the same remedies for and rights of recovery with respect to such amount as it has for recovery of Rent under this Lease.

ARTICLE 7
UTILITY CHARGES

7.1 Utility Charges

The Tenant will be solely responsible for and will promptly pay all charges for lighting, heating, ventilating and air-conditioning the Premises and all water, gas, electricity, and other utilities used or consumed in the Premises in accordance with the following:

(a) If separate meters are used respecting the Premises, the Tenant's consumption of utilities will be determined by such meters and the Tenant will set up accounts with, and pay such separately metered utilities directly to the utility supplier; and otherwise the Strata Corporation or the Landlord, acting reasonably and equitably may allocate consumption of utilities to the Premises based on group metering, or check metering.

(b) If the Landlord supplies the foregoing described utilities or services, or any of them, the Tenant will pay to the Landlord for the utilities and services supplied by the Landlord on demand such reasonable charges as the Landlord may, from time to time, determine provided that such charges will not exceed the cost for such utilities and services which the Tenant would have been required to pay had the Tenant obtained such utilities or services directly from the supplier. The Landlord may estimate the charges for such utilities or services from time to time and such estimates will be subject to adjustment within a reasonable period of time after the period for which the estimate has been made. The Landlord will determine the appropriate charge by allocating such utilities or services supplied by the Landlord among the tenants receiving the benefit of the same, and the Landlord may add to such amount the Landlord's costs of obtaining such utility or service, together with its fees in allocating the same and an administration fee of fifteen percent (15%) of the total of all of the foregoing amounts.

(c) In no event will the Landlord be liable for, nor have any obligation with respect to, an interruption or failure in the supply of any such utilities or services to the Premises, whether supplied by the Landlord or others.

For greater clarity, any and all communication utilities and services, including but not limited to, telephone, cable, satellite, or Internet, will be the Tenant's sole responsibility.

ARTICLE 8
PARKING

8.1 Parking

Other than the three (3) parking stalls identified on the Strata Plan as limited common property designated for the exclusive use of the Premises, the Parking Facilities form part of the Common Property and the Landlord has no obligation to provide additional parking to the Tenant, its agents or customers. Should any portion of the Parking Facility or other parking area be made available by the Landlord to the Tenant or its agents or customers, pursuant to agreement or otherwise, then the Tenant will ensure it and its customers and agents only use the Parking Facilities in accordance with any rules or regulations promulgated by the Landlord, the Strata Corporation or a third party charged with management of the same. Under no circumstances will any event, action or omission by the Strata Corporation (or the enforcement or performance of any terms of this Lease by the Landlord or agents or contractors thereof) that impacts the Tenant's rights under any parking agreement (i) be a breach of this Lease, (ii) an eviction or re-entry of the Premises or (iii) otherwise entitle the Tenant to any remedies under this Lease.

ARTICLE 9
USE OF PREMISES

9.1 Use of Premises

The Tenant will not use or occupy or permit any part of the Premises to be used or occupied for any purpose other than for conducting the permitted use described in paragraph (i) of the Lease Summary, except with the Landlord's prior written consent. It is the Tenant's sole responsibility to confirm that any modification, conversion or variance of the permitted use described in paragraph (i) of the Lease Summary is permitted under and complies with all applicable zoning and other applicable laws, or to effect all necessary zoning, variances and permits to legally permit the use of the Premises for Tenant's intended purposes (approved in writing by the Landlord), all at the Tenant's sole cost and expense. Except for the use expressly permitted in this Section, the Tenant will not use or occupy the Premises, or allow or permit the Premises to be used or occupied for or in connection with the sale of products, goods or services which would result in a breach of any restrictive covenants registered on title from time to time.

9.2 Prohibited Uses

The Tenant covenants with the Landlord that none of the Tenant or any assignee, subtenant, concessionaire or licensee or any user or occupant whatsoever may, at any time, use the whole or any part of the Premises for any purpose or use in contravention of Schedule "E", failing which the Landlord may, at its option, terminate this Lease or obtain an injunction prohibiting such purpose or use, it being acknowledged and agreed by the Tenant that any use of the Premises in contravention of Schedule "E" will cause irreparable harm to the Landlord.

Without restricting the generality of the foregoing, the Tenant will not carry on any business which because of the merchandise or services likely to be sold or the merchandising or pricing methods likely to be used would in the reasonable opinion of the Landlord tend to lower the character of the Premises. Without limitation, the Tenant will at all times:

(a) operate and conduct its business in an up-to-date, first class, dignified and reputable manner with due diligence, in conformity with the highest standards of practice prevailing in such field of business;

(b) warehouse, store or stock on the Premises only such goods, wares and merchandise that are related to the permitted use described in paragraph (i) of the Lease Summary;

(c) not during the Term keep or place any supplies or any other thing on or about the Common Property, or otherwise obstruct the Common Property, and without limiting the generality of the foregoing, the Tenant must keep any service area or corridor leading to and from the Premises free and clear of all obstruction and in any event any governmental authority or other regulatory body having jurisdiction makes a charge against the Landlord, the Tenant, the Complex and the Premises, or any of them, by reason of the Tenant failing to meet the requirements of such authority or body, the Tenant will be responsible for payment of such charge and if the Tenant fails to do so, the Landlord may pay such charge and recover same from the Tenant as Additional Rent;

(d) conduct its business in the Premises in a lawful manner during all days and hours designated from time to time by the Landlord for business of the type carried on by the Tenant in the Premises, subject to any contrary requirements of any statutory authority (but at no other time); and

(e) not during the Term vacate the Premises in whole or in part (whether actually or constructively).

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9.3 Pipes and Conduits

The Strata Corporation, or the Landlord at the bequest of the Strata Corporation, will have the right to use and make changes or additions to the pipes, wires, conduits and ducts in the Premises when necessary to service the Complex but not in any way so as to interfere materially with the use and enjoyment of the Premises by the Tenant, and the Landlord will make good any damage to the Premises so caused. The Tenant will not obstruct such pipes, conduits and ducts in the Premises so as to prevent reasonable access thereto.

ARTICLE 10
TENANT'S SIGNAGE

10.1 Exterior Signage

Subject to the Bylaws, the Tenant may install and maintain signage on the front exterior of the Premises consistent with the Landlord's standard signage criteria, and the Tenant will be responsible for repairing any damage to the sign face of such sign panel. The Tenant will be responsible for obtaining and paying for any graphics work for all signage and for its utility costs. All such signage must be approved by the Landlord in writing, which will not be unreasonably withheld or delayed, prior to production and must conform with all municipal guidelines, all pharmacy regulations and any other requirements at the Tenant's sole cost.

10.2 General

The Tenant will not place or permit to be placed or maintained on the roof or on any exterior or interior door, wall or window of the Premises any window film, sign, awning, canopy decoration, lettering, advertising matter or other thing of any kind and will not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Premises without first obtaining the Landlord's written consent, but this sentence has no application to signs, awnings, canopies, decorations, lettering, advertising matter or other things to be placed inside the Premises if not visible from outside the Premises. The Tenant will obtain all necessary municipal approvals for its signage.

ARTICLE 11
MAINTENANCE AND REPAIR

11.1 Tenant's Responsibilities

The Tenant will at all times during the Term at its own cost and expense:

(a) repair, maintain, keep and make replacements and upgrades to the Premises, and all equipment, fixtures and mechanical systems (excluding the base building heating, ventilating and air-conditioning equipment) within or necessarily incidental to the Premises, including any improvement now or hereafter made to the Premises, in good order and repair as a careful owner would do;

(b) if due to the nature of the Tenant's use and occupancy of the Premises, which in the Landlord's sole opinion exceed typical light industrial and office use, upgrades may be required to be made to the heating, ventilating and air conditioning equipment and/or exhaust system serving the Premises, such work must be completed within thirty (30) days upon written request by the Landlord (or if such work would reasonably require more than thirty (30) days, within such agreed upon period of time as is reasonably required by the Tenant to diligently complete such work) at the sole cost and expense of the Tenant;

(c) decorate the Premises at its own cost and expense as and when necessary or reasonably required so to do by the Landlord;

(d) repair or make whole all damaged glass, plate glass, doors and windows in the Premises;

(e) keep the Premises and, without limitation, the loading deck and exterior surfaces of the Premises in neat, clean and sanitary condition; and

(f) keep all refuse and garbage from the view of the patrons of the Complex and dispose of such refuse and garbage in the manner and at the times required by the Landlord and the Strata Corporation.

11.2 Landlord's Approval

Except as otherwise specifically provided in this Lease, before commencing any repairs, replacements, alterations or improvements, the Tenant will obtain the Landlord's written approval, which will not be unreasonably withheld or delayed, and will, if required by the Landlord to do so, submit plans and specifications therefor. Any repairs, replacements, alterations or improvements so done by the Tenant will be carried out in a good and workmanlike manner and in accordance with the terms and conditions set out in Schedule "C".

11.3 Tenant's Failure to Repair

If the Tenant refuses or neglects to repair properly as required hereunder and to the reasonable satisfaction of the Landlord, the Landlord may make such repairs without liability to the Tenant (excepting the

Landlord's gross negligence) for any loss or damage that may accrue to the Tenant's merchandise, fixtures, or other property or to the Tenant's business by reason thereof, and upon completion thereof, the Tenant will pay the Landlord's actual reasonable costs in the circumstances plus fifteen percent (15%) administration cost for making such repairs, forthwith upon presentation of a bill therefor.

11.4 Heating, Ventilating and Air-Conditioning Equipment

The Landlord will, or cause the Strata Corporation to, as the case may be, maintain and make repairs and replacements to the base building heating, ventilating and air conditioning equipment servicing the Premises and the costs of such maintenance, repairs and replacement will be included in Operating Costs. If the nature of the Tenant's use and occupancy of the Premises result in higher repair or replacement costs of the heating, ventilating and air conditioning equipment serving the Premises due to wear and tear exceeding typical light industrial and office use, such costs will be charged back directly to the Tenant, and not as Operating Costs, to be payable within thirty (30) days upon invoice therefor.

11.5 Cost of Repair of Common Property Where the Tenant is at Fault

If the Common Property, or any other property in the Complex, including the exterior of the Premises, the boilers, engines, pipes and other apparatus (or any of them) used for the purpose of heating, ventilating or air conditioning the Complex, or if the water pipes, drainage pipes, electric lighting or other equipment of the Complex or the roof or outside walls of the Complex get out of repair or become damaged or destroyed through the negligence, carelessness or misuse of the Tenant, its servants, agents, employees, contractors, lessees, licensees or concessionaires, or through it or them in any way stopping up, injuring or rendering inoperable the heating apparatus, water pipes, drainage pipes or other equipment or part of the Complex, the expense of necessary repairs, replacements or alterations will be borne by the Tenant who will pay the same to the Landlord upon demand, together with an administration fee of fifteen percent (15%) of the total of all of the foregoing amounts.

ARTICLE 12
INSURANCE AND INDEMNITY

12.1 Tenant's Insurance

The Tenant will, at the Tenant's sole expense, during the whole of the Term and during such other time as the Tenant leases the Premises, take out and maintain the following insurance:

(a) comprehensive commercial general liability insurance, including non-owned automobile liability insurance against claims for bodily injury, including death, and property damage or loss arising out of the use or occupation of the Premises, or the Tenant's business on or about the Premises, and such insurance will add the Landlord, its managing agent and any other entity as directed by the Landlord as additional insureds so as to indemnify and protect both the Tenant and the Landlord, its managing agent and any other entity as directed by the Landlord, and will contain "cross liability" and "severability of interests" clauses so that the Landlord, its managing agent and any other entity as directed by the Landlord and the Tenant may be insured in the same manner and to the same extent as if individual policies had been issued to each, and will be for the amount of not less than $5,000,000 combined single limit or such other amount as may be reasonably required by the Landlord from time to time, and such comprehensive commercial general liability insurance will include contractual liability insurance in a form and of a nature broad enough to insure the obligations imposed upon the Tenant under the terms of this Lease;

(b) all risks insurance, including water damage and sewer backup, upon all leasehold improvements in the Premises and the Tenant's merchandise, stock-in-trade, furniture, fixtures and improvements and upon all other property in the Premises owned by the Tenant or for which the Tenant is legally liable, including business interruption and insurance upon all glass and plate glass in the Premises, including the storefront, against breakage and damage from any cause, all in an amount equal to the full replacement value thereof, which amount in the event of a dispute will be determined by the decision of the Landlord;

(c) boiler and machinery insurance on such boilers and pressure vessels as may be installed by, or under the exclusive control of, the Tenant in the Premises;

(d) owned automobile insurance with respect to all motor vehicles owned or leased by the Tenant and operating in its business;

(e) construction insurance in a form reasonably approved by the Landlord for the duration of any construction work in or on the Premises, including without limitation, alterations or upgrades to, or replacements or additions of leasehold improvements, whether prior to or any time after the Commencement Date. Such construction insurance must cover any construction-related incidents, perils, claims or causes, and will include, without limitation: a course of construction/builders risk in the amount of the work including labour and materials, business interruption; delay in start-up coverage; and liability (this can either be a commercial general liability in the name of the tenant or a wrap-up liability which covers the Tenant and all contractors involved in the project), and must be in addition to contractor insurance; and

(f) such other insurance in such amounts and upon such terms as the Landlord may reasonably determine from time to time.

The policies of insurance referred to above will be in such form and with such companies as the Landlord may reasonably approve and will contain the following:

(g) provisions that the Landlord, its managing agent and any other entity as directed by the Landlord are protected notwithstanding any act, neglect or misrepresentation of the Tenant which might otherwise result in the avoidance of a claim under such policies and that such policies will not be affected or invalidated by any act, omission or negligence of any third party;

(h) provisions that such policies and the coverage evidenced thereby will be primary and non-contributing with respect to any policies carried by the Landlord and that any coverage carried by the Landlord will be excess coverage;

(i) waivers of the insurer's rights of subrogation as against the Landlord, its managing agent and any other entity as directed by the Landlord and those for whom the Landlord, its managing agent and any other entity as directed by the Landlord are in law responsible, solely with regard to their respective interests in the Premises; and

(j) provisions that such policies will not be cancelled or lapsed without the insurer providing the Landlord thirty (30) days' written notice stating when such cancellation will be effective.

A certified copy of the insurance binder (countersigned by the insurer) or other evidence of insurance (in a form satisfactory to the Landlord, acting reasonably) for each of the insurance policies the Tenant is required to carry in compliance with its obligations under this Lease will be delivered to the Landlord at least ten (10) days prior to the time such insurance is first required to be carried by the Tenant and upon renewals not less than ten (10) days prior to the expiration of any such policy.

12.2 Landlord's Insurance

The Landlord may maintain throughout the Term, in those reasonable amounts, and with those reasonable deductions that a prudent owner of premises similar to the Premises would maintain, having regard to size, age and location, (a) commercial general liability insurance with respect to the Landlord's operations on the Premises; and (b) whatever other forms of insurance the Landlord or the Landlord's mortgagee reasonably consider advisable. Notwithstanding the Landlord's covenant contained in this Section and notwithstanding any contribution by the Tenant to the cost of the Landlord's insurance premiums, the Tenant acknowledges and agrees that: (i) the Tenant is not relieved from liability arising from or contributed to by its negligence or its misconduct; (ii) no insurable interest is conferred on the Tenant under any policies of insurance carried by the Landlord; and (iii) the Tenant has no right to receive proceeds of any insurance policies carried by the Landlord.

12.3 Increase In Insurance Premiums

The Tenant agrees that it will not keep, use, sell or offer for sale in or upon the Premises any article which is prohibited by the form of insurance policy in force from time to time covering the Premises or the Complex. If the Tenant's occupancy of, conduct of business in, or sale of any merchandise from or on the Premises, or any activity carried on or permitted to be carried on by the Tenant whether or not the Landlord has consented to same, causes any increase in premiums for the insurance carried from time to time by the Landlord for the Premises or the Complex, the Tenant will pay any such increase in premiums as Additional Rent within ten (10) days after bills for such additional premiums will be rendered by the Landlord. In determining whether increased premiums are a result of the Tenant's use or occupancy of the Premises, or the sale of any article therein or therefrom, a schedule issued by the organization making the insurance rate on the Premises or Complex, as applicable, showing the various components of such rates will be conclusive evidence of the several items and charges which make up such rates.

12.4 Cancellation of Insurance

If any insurance policy upon the Premises, or any part thereof, will be cancelled or will be threatened by the insurer to be cancelled, or the coverage thereunder reduced in any way by the insurer by reason of the use and occupation of the Premises or any part thereof by the Tenant or by any assignee or sub tenant of the Tenant, or by anyone permitted by the Tenant to be upon the Premises, and if the Tenant fails to remedy the condition giving rise to the cancellation, threatened cancellation or reduction of coverage within forty eight (48) hours after notice thereof by the Landlord, the Landlord may remedy the condition giving rise to such cancellation, threatened cancellation or reduction, and the Tenant will forthwith pay the cost thereof to the Landlord which cost may be collected by the Landlord as Additional Rent.

12.5 Indemnification of the Landlord

Notwithstanding any other terms, covenants and conditions contained in this Lease, the Tenant will indemnify the Landlord and/or its managing agent and save them harmless from and against any and all loss (including loss of all Rent payable by the Tenant pursuant to this Lease), claims, actions, damages, liabilities and expense in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising from any breach of this Lease by the Tenant, or any occurrence in, upon or at the Premises, or the occupancy or use by the Tenant of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of the Tenant, its agents, contractors, employees, servants, licensees or concessionaires or by any one

permitted to be on the Premises by the Tenant. If the Landlord and/or its managing agent will, without fault on their part, be made a party to any litigation commenced by or against the Tenant, then the Tenant will protect, indemnify and hold the Landlord and/or its managing agent harmless and will pay all costs, expenses and reasonable legal fees incurred or paid by the Landlord and/or its managing agent in connection with such litigation. The Tenant will also pay all costs, expenses and legal fees (on a solicitor and client basis) that may be incurred or paid by the Landlord in enforcing the terms, covenants and conditions in this Lease, unless a court will decide otherwise. The indemnification contained in this paragraph will survive the expiration or termination of this Lease with respect to any such injury, loss, damage, liability (or any claim in respect of the foregoing), costs or expenses occurring prior to such expiration or termination.

12.6 Loss and Damage

The Landlord and/or its managing agent will not be liable for any death or injury, or damage to property of the Tenant or others located on the Premises, nor for the loss of or damage to any property of the Tenant or of others by theft or otherwise except for the gross negligence of the Landlord and/or its managing agent and persons for whom the Landlord and/or its managing agent are in law responsible. Notwithstanding the foregoing, the Landlord and/or its managing agent will not, under any circumstances, be liable or responsible in any way for any business, economic or indirect or consequential loss or damage of the Tenant of any nature whatsoever, however caused or any loss or damage against which the Tenant is obligated to insure against hereunder or has insured against. All property of the Tenant kept or stored on the Premises will be so kept or stored at the risk of the Tenant only and the Tenant will indemnify and hold the Landlord and/or its managing agent harmless from any claims arising out of any of the matters mentioned in this Section 12.6.

ARTICLE 13
TRANSFERS

13.1 Transfers by Tenant

(a) In this Lease, "Transfer" means:

(i) an assignment, sale, conveyance, sublease, or other disposition of this Lease or the Premises, or any part of them or any interest in this Lease (whether by operation of law or otherwise), or in a partnership that is a Tenant under this Lease;

(ii) a mortgage, charge or debenture (floating or otherwise) or other encumbrance of this Lease or the Premises or any part of them, or of any interest in this Lease or of a partnership, or partnership interest, where the partnership is a Tenant under this Lease;

(iii) a parting with or sharing of possession of all or part of the Premises;

(iv) a transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription of all or part of the corporate shares of the Tenant or an "affiliate" (which for the purposes of this Article 13 means "affiliate" as that term is defined on the date of this Lease under the *Canada Business Corporations Act*) of the Tenant which results in a change in the effective voting control of the Tenant; or

(v) a merger, amalgamation or other corporate reorganization of the Tenant.

"Transferee" has the meaning corresponding to the definition of "Transfer" set out above (it being understood that, for a Transfer described in Section 13.1(a)(iv), the Transferee is the person that has effective voting control after the Transfer).

(b) The Tenant will not effect or permit a Transfer without the prior written consent of the Landlord which will not (except as hereinafter otherwise provided) be unreasonably withheld or delayed. Without limitation, it will constitute reasonable grounds for any withholding of consent by the Landlord that, in the Landlord's reasonable judgment;

(i) the proposed Transferee does not have a satisfactory financial background, status or condition;

(ii) the proposed Transferee does not have an established and positive reputation in the business community;

(iii) it is intended or likely that it will use any part of the Premises for any purpose which is not permitted by this Lease or which is not acceptable to the Landlord, acting reasonably, or which are not compatible with the other businesses or activities which are being carried on in the Complex;

(iv) the Landlord's revenue is likely to be reduced as a result of the proposed Transfer;

(v) the return to the Tenant on any proposed Transfer will be greater than the amounts payable by the Tenant hereunder and the Tenant has not agreed to pay such excess to the Landlord.

The Landlord will be entitled to withhold consent arbitrarily if the Tenant is in breach of this Lease or has defaulted beyond any applicable cure period throughout the Term, as may be renewed or extended.

(c) Without limitation, the Tenant will for the purposes of this Lease be considered to have effected or permitted a Transfer in any case where it permits the Premises or any portion thereof to be occupied by a person or persons other than the Tenant, its employees and others engaged in carrying on the business of the Tenant, whether pursuant to assignment, subletting, license or other right, and will also include any case where any of the foregoing occurs by operation of law.

(d) The Landlord will have the right of approval of any marketing of space by the Tenant.

(e) If the Landlord's consent is given, the Tenant will complete the Transfer, but only upon the terms set out in the offer submitted to the Landlord pursuant to Section 13.2 and not otherwise. Such Transfer will occur within sixty (60) days after receipt of the Landlord's consent and only upon any Transferee entering into an agreement directly with the Landlord and in a form satisfactory to the Landlord acting reasonably to perform, observe and keep each and every covenant, proviso, condition and agreement in this Lease on the part of the Tenant to be performed, observed and kept, including payment of Rent.

(f) The Tenant will have the right to assign or sublet to a corporation that is an affiliate of the Tenant or a purchaser of substantially all of the Tenant's and Covenantor's business or assets without the consent of the Landlord, provided that the Tenant has first given notice to the Landlord (which notice will include not less than two years of financial statements for the purchaser), and further provided that the Tenant and its affiliate or purchaser, as the case may be, have first entered into an agreement directly with the Landlord in a form satisfactory to the Landlord, acting reasonably, whereby the affiliate or transferee agrees to perform, observe and keep each and every covenant, proviso, condition and agreement in this Lease on the part of the Tenant to be performed, observed and kept, including payment of Rent and, in the case of an affiliated transferee, whereby the Tenant and the affiliate agree to remain affiliated to one another, a breach of which agreement will constitute a breach of this Lease.

13.2 Consent Required

Any request for such consent will be in writing and accompanied by a true copy of such offer, and the Tenant will furnish to the Landlord all information available to the Tenant and reasonably requested by the Landlord as to the responsibility, reputation, financial standing and business of the proposed Transferee.

Within fifteen (15) days after the receipt by the Landlord of such request for consent and of all information which the Landlord will have requested hereunder (and if no such information has been requested, within fifteen (15) days after receipt of such request for consent) the Landlord will have the right upon written notice (the "**Termination Notice**") to the Tenant, if the proposed Transfer affects the whole of the Premises, to terminate this Lease or, if the proposed Transfer affects a part of the Premises only, to delete from this Lease such part of the Premises as is affected by the proposed Transfer, in each case as of a termination date to be stipulated in the Termination Notice which will be not less than sixty (60) days nor more than ninety (90) days following the giving of such notice, and in such event, unless the Tenant withdraws its request for consent within thirty (30) days of receiving the Termination Notice in which case the Termination Notice shall be deemed null and void, the Tenant will surrender the whole or part as the case may be of the Premises in accordance with such notice and Rent will be apportioned and paid to the date of surrender and, if a part only of the Premises is surrendered, the Minimum Rent will thereafter abate proportionately.

If the Landlord does not exercise the foregoing right of termination, then the Landlord's consent to the proposed Transfer will not be unreasonably withheld so long as the proposed Transfer complies with the provisions of this Article 13.

13.3 Conditions of Consent

The following provisions will apply to any Transfer:

(a) notwithstanding any Transfer, the Tenant and the Co-Covenantor will remain fully liable under this Lease and will not be released from performing any of the terms, covenants and conditions of this Lease during the Term hereof and any extension or renewal thereof;

(b) if this Lease is assigned or if the Premises or any part thereof are sublet or occupied by anybody other than the Tenant, the Landlord may collect Rent directly from the assignee, subtenant or occupant, and apply the net amount collected, or the necessary portion thereof, to the Rent herein reserved;

(c) no Transfer will be made or proposed other than to responsible persons, firms, partnerships or bodies corporate who undertake to perform and observe the obligations of the Tenant hereunder by entering into an assumption agreement directly with the Landlord;

(d) the consent by the Landlord to any Transfer will not constitute a waiver of the necessity for such consent to any subsequent Transfer;

(e) any document or consent evidencing any subletting or any Transfer other than an assignment of the Lease will be prepared by the Tenant or its solicitors at the Tenant's sole cost;

(f) any document or consent evidencing any assignment of the Lease permitted by the Landlord or setting out any terms applicable to such assignment or the rights and obligations of the Tenant or the transferee thereunder, will be prepared by the Landlord or its solicitors at the Tenant's sole cost; and

(g) the Tenant will pay to the Landlord the reasonable costs and expenses incurred by the Landlord in considering and processing the Tenant's request for consent of a Transfer hereunder, which costs will include (without limitation) a $1,000.00 administration fee and the Landlord's reasonably incurred legal fees and disbursements in considering and processing the Tenant's request.

13.4 No Bulk Sale

No bulk sale of inventory out of the usual course of business or trade of the Tenant of the goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations hereunder will continue to be performed and respected, in a manner satisfactory to the Landlord, after completion of the said bulk sale.

13.5 No Advertising of the Premises

The Tenant will not print, publish, post, mail, display, broadcast or otherwise advertise or offer the whole or any part of the Premises for the purposes of a Transfer, and will not permit any broker or other party to do any of the foregoing, unless the complete text and format of any such notice, advertisement or offer will first have received the Landlord's written consent, which will not be unreasonably withheld. In no event will any such notices or advertisement contain any reference to the Rent payable in respect of the Premises.

ARTICLE 14
WASTE, GOVERNMENTAL REGULATION, HAZARDOUS SUBSTANCES

14.1 Waste or Nuisance

The Tenant will not commit or suffer to be committed any waste upon the Premises or any nuisance or other thing which may disturb the quiet enjoyment of any other tenant or occupant in the Complex.

14.2 Governmental Regulations

The Tenant will, at the Tenant's sole cost and expense, comply with all of the requirements of all municipal, provincial, federal and other applicable governmental authorities, now in force, or which may hereafter be in force, pertaining to the Premises, and will faithfully observe in the use of the Premises all municipal bylaws and provincial and federal statutes and regulations now in force or which may hereafter be in force.

14.3 Observance of Law

The Tenant covenants, at its expense, to observe, comply and conform to (including making such modifications, alterations or changes to the Premises as may be necessary in order to do so) with all requirements of every applicable law including, without limiting the generality of the foregoing, federal and provincial legislative enactments, building bylaws and codes and other governmental or municipal regulations which relate to the partitioning, operation of equipment in and use of the Premises, or to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Premises, and to comply with all police, fire and sanitary regulations imposed by any governmental, provincial or municipal authorities or made by fire insurance underwriters and to observe and obey all governmental and municipal regulations and other requirements governing the conduct of any business conducted in the Premises.

14.4 Hazardous Substances

Without limiting the generality of the foregoing, the Tenant covenants and agrees as follows:

(a) not to use or permit to be used all or any part of the Premises or the Common Property for the sale, storage, manufacture, disposal, handling, treatment, use or any other dealing with any Hazardous Substances, without the prior written consent of the Landlord, which may be unreasonably withheld. Without limiting the generality of the foregoing, the Tenant will in no event use, and confirms to the Landlord that it does not plan or intend to use, the Premises to dispose of, handle or treat any Hazardous Substances in a manner that, in whole or in part, would cause the Premises, the Complex or any adjacent property to become a contaminated site under any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits and other lawful requirements of any governmental authority having jurisdiction over the Premises, including without limitation, the *Environmental Management Act*, S.B.C. 2003, c. 53, as amended (collectively herein called "**Environmental Laws**") relating in any way to the environment, health, occupational health and safety, product liability or transportation of dangerous goods, including the principles of common law and equity;

(b) to comply strictly, and cause any person for whom it is in law responsible to comply strictly, with all Environmental Laws regarding the use and occupancy of the Premises and the Common Property;

(c) to provide promptly to the Landlord a copy of any environmental site investigation, assessment, audit or report relating to the Premises or the Complex conducted by or for the Tenant at any time before, during or after the Term (or any extension or renewal thereof);

(d) to maintain all environmental site investigations, assessments, audits and reports relating to the Premises or the Complex in strict confidence and not to disclose their terms or existence to any third party (including without limitation, any governmental authority) except as required by law, to the Tenant's professional advisers and lenders on a need to know basis or with the prior written consent of the Landlord, which consent may be unreasonably withheld;

(e) to provide promptly to the Landlord on request such written authorizations as the Landlord may require from time to time to make inquiries of any governmental authorities regarding the Tenant's compliance with Environmental Laws;

(f) to notify promptly the Landlord in writing of any release of a Hazardous Substances or any other occurrence or condition at the Premises, the Complex or any adjacent property which could contaminate the Premises, the Complex or subject the Landlord or the Tenant to any fines, penalties, orders, investigations or proceedings under Environmental Laws;

(g) prior to the expiry or earlier termination of this Lease or at any time if requested by the Landlord or required by any governmental authority pursuant to Environmental Laws, to remove from the Premises all Hazardous Substances, and to remediate any contamination of the Premises, the Complex or any adjacent property resulting from Hazardous Substances, in either case brought onto, used at or released from the Premises by the Tenant or any person for whom it is in law responsible. The Tenant will perform these obligations promptly at its own cost and in accordance with Environmental Laws. The Tenant will provide to the Landlord full information with respect to any remedial work performed pursuant to this Section 14.4(g) and will comply with the Landlord's requirements with respect to such work. The Tenant will use a qualified environmental consultant approved by the Landlord to perform the remediation. All such Hazardous Substances will remain the property of the Tenant, notwithstanding any rule of law or other provision of this Lease to the contrary and notwithstanding the degree of their affixation to the Premises or the Complex; and

(h) to indemnify the Landlord and its directors, officers, shareholders, employees, agents, successors and assigns, from any and all liabilities, actions, damages, claims, remediation cost, recovery claims, losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis and the cost of remediation of the Premises, the Complex and any adjacent property) arising from or in connection with:

(i) any breach of or noncompliance with the provisions of this Article 14 by the Tenant; or

(ii) any release or alleged release of any Hazardous Substances at or from the Premises related to or as a result of the use and occupation of the Premises or any act or omission of the Tenant or any person for whom it is in law responsible.

The obligations of the Tenant under this Article 14 will survive the expiry or earlier termination of this Lease. The obligations of the Tenant under this Article 14 are in addition to, and will not limit, the obligations of the Tenant contained in other provisions of this Lease.

The Landlord represents, to the best of its knowledge, the Premises are free of any Hazardous Substances in contravention of Environmental Laws and, if required by any governmental authority pursuant to Environmental Laws, the Landlord will remove from the Premises all Hazardous Substances existing prior to the date of this Lease that are in contravention of Environmental Laws and were brought onto, used at or released from the Premises by the Landlord or any person for whom the Landlord is in law responsible. Notwithstanding anything to the contrary in this Lease, the Tenant shall not be liable for the presence of any Hazardous Substances existing upon the Premises or the Complex prior to being granted possession to the Premises.

ARTICLE 15
CHANGES AND ADDITIONS TO LANDLORD'S PROPERTY

15.1 Easements and Rights of Way

The Tenant acknowledges that the Strata Corporation has granted or may in the future grant easements, rights of way or dedications over, through or upon portions of the Common Property and the Complex and the Tenant hereby consents to the granting of such easements, rights of way or dedications. Upon the Landlord's written request, the Tenant will forthwith execute all such further consents, releases, waivers, and any other documentation as may be reasonably required by the Landlord for the purpose of effecting such easements, rights of way or dedications.

ARTICLE 16
TENANT'S FIXTURES AND ALTERATIONS

16.1 Installation by the Tenant

All fixtures installed by the Tenant will be new and in first class condition and of good appearance. The Tenant will not make or cause to be made any alterations, additions or improvements or install or cause to be installed any trade fixtures, exterior signs, floor coverings, interior or exterior lighting, or mechanical or electrical systems and fixtures, or plumbing fixtures, shades or awnings, or make any changes to the store front or hang from or affix anything to the ceiling without first obtaining the Landlord's written approval which will not be unreasonably withheld. The Tenant will present to the Landlord plans and specifications for such work at the time approval is sought and the work will be carried out in a good and workmanlike manner and at such times and in such manner as the Landlord may approve .

The Tenant will in no event disturb any of the existing mechanical or electrical lines or pipes for the residential or office units above which may be located below the underside of the ceiling.

16.2 Removal of Tenant's Alterations and Trade Fixtures

If the Tenant is not then in default under this Lease, the Tenant may remove trade fixtures and personal property which the Tenant has installed in but which are not affixed to the Premises:

(a) from time to time in the ordinary course of the Tenant's business or in the course of permitted reconstruction, renovation or alteration of the Premises by the Tenant; and

(b) during a reasonable period prior to the expiry of the Term,

provided that the Tenant promptly repairs, at its cost, any damage to the Premises resulting from such installation or removal. In no case, and notwithstanding anything to the contrary in this Lease, will the Tenant remove the ceiling or ceiling panels, electric light fixtures, carpeting where laid, doors, store front, electrical, mechanical or plumbing fixtures and any and all equipment and appurtenances attached to or incidental to the Premises, (including heating venting and air-conditioning equipment and systems) and fittings or any permanently affixed cabinets, shelves, hardware or decorative items in or upon the Premises, which is or will become the property of the Landlord without indemnity or compensation to the Tenant and without prejudice to any other right or remedy of the Landlord, in good order and condition, reasonable wear and tear excepted.

If the Tenant abandons the Premises or if this Lease is terminated before the expiry of the Term due to a default on the part of the Tenant (subject to any applicable cure periods), then as of the moment of default by the Tenant, all trade fixtures and furnishings of the Tenant will become and be deemed to be the property of the Landlord without indemnity or compensation to the Tenant and without prejudice to any other right or remedy of the Landlord.

The Tenant will, if required to do so by written notice from the Landlord, at the expiration of the Term remove any trade fixtures, furnishings, alterations, additions, improvements or fixtures of the Tenant and will make good any damage caused to the Premises resulting from the installation or removal thereof, all at the Tenant's expense.

16.3 Not to Overload Floors

The Tenant covenants and agrees that it will not bring upon the Premises or any part thereof any machinery, equipment, article or thing that by reason of its weight, size or use might reasonably damage the Premises and will not at any time overload the floors of the Premises, and that if any damage is caused to the Premises by any machinery, equipment, article or thing or by overloading or by any act, neglect, or misuse on the part of the Tenant or its servants, agents or employees or any person having business with the Tenant, the Tenant will forthwith repair the same or pay to the Landlord the cost of making good the same.

16.4 Tenant Will Discharge All Liens

The Tenant will promptly pay all its contractors and material suppliers and will do any and all things necessary so as to minimize the possibility of a lien attaching to the Premises or to all or any part of the Complex and should any such lien be made or filed, the Tenant will file a discharge the same in the applicable registry within ten (10) days thereafter at the Tenant's expense and will indemnify and save harmless the Landlord therefrom.

ARTICLE 17
DAMAGE AND DESTRUCTION

17.1 Total or Partial Destruction

Subject to the rights of the Strata Corporation, if the Premises, or the Complex (to the extent it makes the Premises untenantable), are wholly or partially damaged or destroyed by a peril against which the Landlord or the Strata Corporation is required pursuant to this Lease to insure or against which the Landlord or the Strata Corporation otherwise insures, the Landlord will (or will use reasonable efforts to cause the Strata Corporation to), subject to Section 17.2, and subject to the consent of the Landlord's mortgagee, repair or replace the Premises with reasonable diligence. The Landlord will not be obligated to expend for such repair or replacement an amount in excess of the insurance proceeds recovered or recoverable as a result of such damage. In no event will the Landlord be required to repair or replace the Tenant's leasehold improvements, stock in trade, fixtures, furnishings, floor coverings or equipment. If the casualty, repairing or rebuilding will render the Premises

untenantable, in whole or in part, a proportionate abatement of the Rent will be allowed from the date when the damage occurred until the date the Premises are rendered tenantable by the completion of Landlord's repairs, said proportion to be computed on the basis of the relation which the gross square foot floor area of the space rendered untenantable bears to the floor area of the Premises.

17.2 Termination

If any damage or destruction to the Premises or the Complex (to the extent it makes the Premises untenantable) cannot, in the Landlord's architect's opinion, be repaired and restored with reasonable diligence within one hundred and eighty (180) days of the date of happening of such damage or destruction, either the Landlord or the Tenant may terminate this Lease and the tenancy hereby created by giving to the other party sixty (60) days' written notice thereof. In the event of such termination, this Lease will terminate and the Rent will be adjusted as of the date of the occurrence of such damage or the date the Tenant properly ceases to conduct its business from any part of the Premises, whichever is later, and the Tenant will deliver up vacant possession of the Premises to the Landlord on the date specified in the notice and the provisions of Section 16.2 will apply.

17.3 Notice by the Tenant

The Tenant will give immediate notice to the Landlord, in case of fire or accidents in the Premises or in the building of which the Premises are a part, or of defects therein or in any fixtures or equipment, notwithstanding the fact that the Landlord may have no obligations with respect thereto.

17.4 Notice of Repair and Reconstruction

From and after the date upon which the Tenant is notified in writing by the Landlord that the Landlord's reconstruction or repair work has been completed, the Tenant will immediately commence all work required to fully restore the Premises and will complete such work and reopen for business within sixty (60) days of receipt of the Landlord's notice aforesaid with the Premises fully fixtured, stocked and staffed. The certificate of the Landlord's architect will bind the parties hereto as to the state of tenantability of the Premises and as to the date upon which the Landlord's reconstruction or repair work has been completed.

ARTICLE 18
EXPROPRIATION

18.1 Expropriation

If at any time during the Term the interest of the Tenant under this Lease or the whole or any part of the Premises will be taken by any lawful power or authority by the right of expropriation, the Landlord may at its option, give notice to the Tenant terminating this Lease on the date when the Tenant or the Landlord is required to yield up possession thereof to the expropriating authority. Upon such termination, or upon termination by operation of law, as the case may be, the Tenant will immediately surrender the Premises and all its interest therein, the Rent will abate and be apportioned to the date of termination, the Tenant will forthwith pay to the Landlord the apportioned Rent, and all other amounts which may be due to the Landlord up to the date of termination, and the provisions of Section 16.2 will apply to the extent they are not inconsistent with this Section. The Tenant will have no claim upon the Landlord for the value of its property or the unexpired Term of this Lease, but the parties will each be entitled to receive and retain such compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically includes an award for the Tenant, the Landlord will account therefor to the Tenant. In this Section the word "expropriation" will include a sale by the Landlord to an authority with powers of expropriation, in lieu of or under threat of expropriation.

ARTICLE 19
DEFAULT OF THE TENANT

19.1 Interest and Costs

The Tenant will pay to the Landlord interest calculated monthly on any arrears of Rent under this Lease at a rate equal to the greater of eighteen percent (18%) per annum or four percent (4%) per annum plus the prime rate of interest charged from time to time by Royal Bank of Canada, Main Branch, Vancouver, British Columbia. The Tenant will indemnify the Landlord against all costs and charges (including legal fees and expenses) lawfully and reasonably incurred in enforcing payment of Rent and in obtaining possession of the Premises after default of the Tenant (subject to any applicable cure period) or upon expiry of the Term or earlier termination of this Lease, or in enforcing any covenant, proviso or agreement of the Tenant contained in this Lease.

19.2 Landlord's Right to Perform Covenants

All covenants and agreements to be performed by the Tenant under any of the terms of this Lease will be performed by the Tenant, at the Tenant's sole cost, and without any abatement of Rent. If the Tenant fails to perform any act on its part to be performed hereunder, the Landlord may (but will not be obligated so to do) perform such act without waiving or releasing the Tenant from any of its obligations relative thereto. The Tenant will pay to the Landlord all sums paid or costs incurred by the Landlord in so performing such acts under this Section 19.2, together with interest thereon at the rate set out in Section 19.1 from the date each payment was made or each such cost was incurred by the Landlord.

19.3 Events of Default

If at any time during the Term or any extension or renewal thereof:

(a) part or all of the Rent hereby reserved is not paid when due, whether lawfully demanded or not, and such default continues for five (5) days after the due date thereof;

(b) the Term or any goods, chattels, or equipment of the Tenant is taken or exigible in execution or in attachment or if a writ of execution is issued against the Tenant;

(c) the Tenant becomes insolvent or commits an act of bankruptcy or becomes bankrupt or takes the benefit of any statute that may be in force for bankrupt or insolvent debtors or becomes involved in voluntary or involuntary winding up or dissolution or liquidation proceedings or if a receiver is appointed for the business, property, affairs or revenues of the Tenant;

(d) any person other than the Tenant or an assignee or subtenant permitted under this Lease has or exercises the right to manage or control the Premises, any part thereof, or any business carried on in the Premises, other than subject to the actual, direct, and full supervision and control of the Tenant;

(e) the Tenant makes a bulk sale of its goods or moves or commences, attempts or threatens to move its goods, chattels, and equipment out of the Premises (except in the normal course of its business), or the Tenant ceases to conduct business from the Premises;

(f) the Tenant fails to observe or perform each and every one of the covenants, agreements, provisions, stipulations, and conditions herein contained to be observed or performed by the Tenant (except for payment of Rent, which is addressed in sub-section 19.3(a) above) and persists in such failure after ten (10) days' written notice by the Landlord specifying with reasonable particularity the nature of such failure and requiring that the Tenant remedy, correct, desist, or comply (or if any such breach would reasonably require more than ten (10) days to rectify, unless the Tenant commences rectification within the ten (10) day notice period and thereafter promptly, effectively, and continuously proceeds with the rectification of the breach to completion of rectification); or

(g) termination of this Lease by the Landlord is permitted by reason of the Tenant's default under any other part of this Lease or in law,

then, and in any such case, the full amount of the current month's and the next ensuing three months' instalments of Rent and any additional amounts owing under this Lease will, at the Landlord's option, immediately become due and payable and will be deemed to be Rent in arrears and the Landlord may immediately take legal proceedings for the same, together with any arrears then unpaid; and the Landlord, without notice or any form of legal process and in addition to any other remedy available to it, may forthwith re-enter upon and take possession of the Premises or any part thereof in the name of the whole and remove and sell the Tenant's goods, chattels, and trade fixtures therefrom, any rule of law or equity to the contrary notwithstanding; and the Landlord may seize and sell such goods, chattels, and equipment of the Tenant as are in the Premises and may apply the proceeds thereof to all Rent and other payments to which the Landlord is then entitled under this Lease (including, without limitation, accelerated rent). Any such sale may be effected in the Landlord's discretion by public auction or otherwise, and either in bulk or by individual item, or partly by one means and partly by another, all as the Landlord in its discretion may decide. If any of the Tenant's property is disposed of as provided in this Section 19.3, ten (10) days' prior written notice to the Tenant of disposition will be deemed to be commercially reasonable.

19.4 Waiver with Respect to Re-Entry

Subject to the applicable cure periods (if any), the Tenant hereby waives any present or future requirement that notice of the Landlord's intention to re-enter following default by the Tenant be served or that the Landlord commence legal proceedings in order to re-enter following any default by the Tenant.

19.5 Waiver of Exemption and Redemption

Notwithstanding anything contained in any statute now or hereafter in force limiting or abrogating the right of distress none of the Tenant's goods, chattels, or trade fixtures on the Premises at any time during the Term will be exempt from levy by distress for Rent (including, without limitation, accelerated rent) in arrears or deemed to be Rent in arrears. The Tenant hereby waives all and every benefit that could or might have accrued to the Tenant under and by virtue of any such statute but for this Lease. The Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of the Tenant being evicted or dispossessed for any cause, or in the event of the Landlord obtaining possession of the Premises, by reason of the violation by the Tenant of any of the terms and conditions of this Lease or otherwise.

19.6 Sale and Reletting

Upon the Landlord becoming entitled to re-enter the Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, may enter the Premises as the agent of the Tenant either by force or otherwise, without being liable for any prosecution therefor and relet the Premises as the agent of the Tenant, and receive all rent therefor. The Landlord may also, as agent of the Tenant, take possession of any business and trade fixtures of the Tenant and any goods and property whatsoever on the Premises, sell them at public or private sale without notice and apply the proceeds of such sale and any rent derived from reletting the

Premises, after deducting its costs of conducting such sale and its costs of reletting, in payment of the Rent due under this Lease, and the Tenant will be liable to the Landlord for any deficiency.

19.7 Termination

Upon the Landlord becoming entitled to re-enter the Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, may immediately terminate this Lease by giving notice in writing addressed to the Tenant. Upon such termination Rent will be computed, apportioned and paid in full to the date of such termination, the Tenant will pay any other amounts for which it is liable pursuant to Section 19.8, the Tenant will forthwith deliver up possession of the Premises to the Landlord in the condition required by this Lease and the Landlord may re-enter and take possession of the Premises.

19.8 Payments

If the Landlord re-enters or if this Lease is terminated hereunder, the Tenant will pay to the Landlord on demand:

(a) Rent up to the time of re-entry or termination, whichever is the later, plus accelerated rent as herein provided;

(b) all expenses incurred by the Landlord in performing any of the Tenant's obligations under this Lease, re-entering or terminating and re-letting, collecting sums due or payable by the Tenant, realizing upon assets seized (including bailiff, brokerage, legal fees and disbursements), and the expense of keeping the Premises in good order, repairing the same and preparing them for re-letting; and

(c) as damages for the loss of income of the Landlord expected to be derived from the Premises, the amounts (if any), by which the Rent which would have been payable under this Lease exceeds the payments (if any) received by the Landlord from other tenants in the Premises, payable on the first day of each month during the period which would have constituted the unexpired portion of the Term had it not been terminated, or if elected by the Landlord by notice to the Tenant at or after re-entry or termination, a lump sum amount equal to the Rent which would have been payable under this Lease from the date of such election during the period which would have constituted the unexpired portion of the Term, had it not been terminated, reduced by the rental value of the Premises for the same period, established by reference to the terms and conditions upon which the Landlord re lets them if such re letting is accomplished within a reasonable period after termination, and otherwise established by reference to all market and other relevant circumstances; Rent and rental value being reduced to present worth at an assumed interest rate of ten percent (10%) on the basis of the Landlord's estimates and assumptions of fact which will govern except if shown to be erroneous.

19.9 Remedies Cumulative

No reference to nor exercise of any specific right or remedy by the Landlord will prejudice or preclude the Landlord from exercising or invoking any other remedy in respect thereof, whether allowed at law or expressly provided for in this Lease. No such remedy will be exclusive or dependent upon any other such remedy, but the Landlord may from time to time exercise any one or more of such remedies independently or in combination.

19.10 No Waiver

The failure of the Landlord to exercise any right or option in connection with any breach or violation of any term, covenant or condition herein contained will not be deemed to be a waiver or relinquishment of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of the Rent or any portion hereunder by the Landlord will not be deemed to be a waiver of a preceding breach by the Tenant of any term, covenant or condition of this Lease other than the failure of the Tenant to pay the particular amount of the Rent so accepted, regardless of the Landlord's knowledge of such preceding breach at the time of acceptance of such amount of the Rent.

The acceptance of any of the Rent from or the performance of any obligation under this Lease by a person other than the Tenant will not be construed as an admission by the Landlord of any right, title or interest of such person as a subtenant, assignee, transferee or otherwise in the place of the Tenant.

The acceptance by the Landlord of a part payment of any money required to be paid under this Lease will not constitute waiver or release of the right of the Landlord to payment in full of such money.

ARTICLE 20
TRANSFERS BY LANDLORD

20.1 Sales, Conveyance and Assignment

Nothing in this Lease will restrict the Landlord's right to sell, convey, assign or otherwise deal with all or any part of the Premises. A sale, conveyance or assignment of the Premises will, from and after the effective date thereof, operate to release the Landlord from liability for all of the covenants, terms and conditions of this Lease and the Tenant will thereafter look solely to the Landlord's successor in interest in and to this Lease. This

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Lease will not be affected by such sale, conveyance or assignment and the Tenant will attorn to the Landlord's successor in interest thereunder.

ARTICLE 21
STATUS STATEMENT, ATTORNMENT, SUBORDINATION

21.1 Status Statement

The Tenant will from time to time, on not less than five (5) days' written notice from the Landlord, execute and deliver to the Landlord a written statement certifying:

(a) that this Lease is in full force and effect;

(b) that the Tenant is in possession of the Premises and paying Rent as provided in this Lease;

(c) the dates (if any) to which Rent is paid in advance;

(d) that there are not any uncured defaults on the part of the Landlord, or specifying such defaults if any are claimed; and

(e) any other information or statement that the Landlord or its proposed encumbrancer, purchaser, or transferee may reasonably require.

Any such statement may be relied upon by the Landlord and any prospective encumbrancer, purchaser or transferee of all or any portion of the Premises or any assignee of any such persons. If the Tenant fails to timely deliver such statement, the Tenant will have been deemed to have acknowledged that this Lease is in full force and effect without modification except as may be represented by the Landlord, and that the Landlord is not in uncured default hereunder.

21.2 Attornment

So long as the Tenant's occupation and possession of the Premises is not disturbed, the Tenant will, in the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage made by the Landlord covering the Premises, attorn to the mortgagee or the purchaser upon any such foreclosure or sale and recognize such mortgagee or purchaser as the Landlord under this Lease.

21.3 Subordination

This Lease is and will be subordinate at all times to any mortgage or mortgages, granted by the Landlord, or the lien resulting from any other method of financing or refinancing, now or hereafter in force against the Premises, and to all advances made or hereafter to be made upon the security thereof and the Tenant will execute and deliver a priority agreement confirming such subordination on request of the Landlord.

21.4 Tenant Information

The Tenant will, upon the written request of the Landlord or the Landlord's mortgagee, provide the Landlord with such information as to the Tenant's financial standing and corporate organization, which are reasonably available to the Tenant, or as may be reasonably required by the mortgagee. The Landlord agrees to only make a request for the aforementioned information upon request by the Landlord's mortgagee, or upon request or notice of any Transfer, or upon any breach or default by the Tenant under the terms of this Lease. Failure of the Tenant to comply with the Landlord's reasonable request herein will constitute a default under the terms of this Lease and, subject to the applicable cure period, the Landlord will be entitled to exercise all of its rights and remedies provided in this Lease.

ARTICLE 22
MISCELLANEOUS

22.1 Landlord's Access

The Landlord or its agents will have the right, upon no less than forty-eight (48) hours written notice to the Tenant (**"Notice of Access"**), unless an emergency in which case no notice is required, to enter the Premises during at all reasonable times to examine the same and to show them to prospective purchasers, lessees or mortgagees, and to make such repairs as the Landlord may deem necessary or desirable, and the Landlord will be allowed to take all material into and upon the Premises that may be required therefor without the same constituting an eviction of the Tenant in whole or in part and the Rent reserved will in no way abate by reason of loss or interruption of business of the Tenant or otherwise while said repairs are being made. During the six (6) months prior to the expiration of the Term of this Lease, the Landlord may place upon the Premises reasonable notices "To Let" or "For Lease". The Tenant will permit such notices to remain thereon without hindrance or molestation. Pursuant to the regulations of the College of Pharmacists, the Landlord shall not access the Premises without being accompanied by an authorized representative of the Tenant and the Tenant shall ensure an authorized representative of the Tenant attends the Premises in accordance with and at the times indicated in any Notice of Access. Notwithstanding the foregoing, when for any reason an emergency or reasonably apprehended emergency will exist or be contemplated, and the Tenant or the Tenant's representative will not be present to open and permit an entry into the Premises, or the Tenant fails to ensure an authorized representative of the Tenant attends the Premises in accordance with and at the times indicated in an Access Notice of Access, then

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the Landlord or its agent may enter the Premises by a master key, or may forcibly enter the same provided reasonable care is exercised without rendering the Landlord or such agent liable therefor, and without in any manner affecting the obligations and covenants of this Lease. Nothing herein contained however, will be deemed or construed to impose upon the Landlord any obligation, responsibility or liability whatsoever, for the care, maintenance or repair of the Premises or any part thereof except as otherwise herein specifically provided.

22.2 Rules and Regulations

The Rules and Regulations, including those attached as Schedule "D" hereto, are hereby made a part of this Lease and the Tenant agrees to comply with and observe the same. The Tenant's failure to keep and observe such Rules and Regulations will constitute a breach of this Lease in the manner as if the same were contained herein as covenants. The Landlord and the Strata Corporation may from time to time amend the Rules and Regulations and upon receipt of written notice of such amendments the Tenant agrees thereupon to comply with and observe all such Rules and Regulations and amendments thereto.

22.3 No Tacit Renewal

If the Tenant remains in possession of the Premises after the end of the Term without the execution and delivery of a new lease, and the Landlord accepts Rent, there will be no tacit renewal of this Lease or the Term hereby granted, and the Tenant will be deemed to be occupying the Premises as a tenant from month to month at a monthly rental payable in advance on the first day of each month equal to the sum of:

(a) one hundred fifty percent (150%) of the fixed Minimum Rent payable during the last month of the Term; and

(b) the Additional Rent and all other monies payable by the Tenant under this Lease,

and otherwise upon the same terms and conditions as are set forth in this Lease, so far as applicable to a monthly tenancy.

22.4 Successors

This Lease will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. No rights, however, will enure to the benefit of any assignee of the Tenant unless the assignment to such assignee has been consented to by the Landlord in writing as provided in Section 13.1.

22.5 Force Majeure

Except as otherwise provided in this Lease, in the event that either party will be delayed or hindered in or by reason of strikes, lockouts, labour troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, and not a delay caused by lack of funds or other financial reason, then performance of such act will be excused for the period of the delay and the period for the performance of any such act will be extended for a period equivalent to the period of such delay.

22.6 Notices

Any notice, demand, request or other instrument which may be or is required to be given under this Lease will be in writing and will be delivered in person or sent by facsimile, registered mail postage prepaid or by courier delivery and by electronic mail, provided always that electronic mail receipt has been confirmed by the receiving party, and will be addressed to the address as set out in page 1 of the Lease in respect of the Landlord and the Tenant respectively, or addressed to the Tenant at the address of the Premises, or at such other address as the Landlord or the Tenant may designate by written notice. Any such notice, demand, request or consent will be conclusively deemed to have been given or made on the day upon which such notice, demand, request or consent is delivered, or if sent by electronic mail, the same day such email was transmitted prior to 4:59 P.M. (Pacific Standard Time) on a business day failing which such email shall be deemed delivered the following business day, or if mailed, then on the third business day following the date of the mailing as the case may be, and either party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the giving of such notice, the address therein specified will be deemed to be the address of such party for the giving of notices hereunder, provided that in the case of interruption in the ordinary postal service, any notice, demand, request or consent given hereunder will be delivered and not mailed.

22.7 No Partnership

The Landlord and the Tenant agree that nothing contained in this Lease nor any acts of the Landlord or the Tenant will be deemed to create any relationship between the Landlord and the Tenant other than the relationship of landlord and tenant.

22.8 No Waiver

No condoning, excusing or overlooking by the Landlord of any default, breach or non-observance by the Tenant at any time or times in respect of any covenant, proviso or condition herein contained will operate as a condoning, excusing or overlooking of any continuing or subsequent default, breach or non-observance, or so as to defeat or affect in any way the rights of the Landlord herein in respect of any such continuing or subsequent

default or breach, and no waiver will be inferred from or implied by anything done or omitted by the Landlord save only a waiver in writing.

22.9 Registration

It is hereby mutually agreed that the Landlord will not be obligated to provide this Lease to the Tenant in registrable form and the Tenant agrees not to register this Lease or any short form lease, notice or caveat in respect of this Lease against title to the Premises.

22.10 Entire Agreement

This Lease, including the Schedules attached hereto, contains the entire agreement between the parties hereto with respect to the subject matter of this Lease and supersedes all previous agreements. There are no covenants, agreements, conditions or representations which will subsist between the parties, except as expressly set forth in this Lease. Except if otherwise specifically provided in this Lease, no amendment, modification or supplement to this Lease will be valid or binding unless set out in writing and executed by the parties hereto.

22.11 Authority

Each person executing this Lease on behalf of a party represents and warrants that it has the full power, authority, and legal right to execute and deliver this Lease on behalf of such party and each party represents and warrants that no consent of third parties is necessary for the execution and performance of this Lease on their behalf.

22.12 Confidentiality

The parties agree that all terms and conditions of this Lease and other information delivered in connection with this Lease (the **"Confidential Information"**) will not be divulged to any person at any time without first obtaining the written consent of the other party. Save and except that the parties may disclose the Confidential Information to their representatives, agents, lawyers, accountants, advisors and employees who need to know the same for the purpose of performance of the parties' obligations or exercise of rights under this Lease, without prior consent of the other party. In addition, the parties may disclose the Confidential Information to potential sources of debt or equity financing without prior consent of the other party. However, the parties will explain their confidentiality obligations under this Lease and ensure that such representative, agents, advisors, employees and potential sources of debt or equity financing keep such Confidential Information confidential.

22.13 Counterparts and Electronic Execution

This Lease may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this Lease by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Lease by that party.

ARTICLE 23
STRATA CORPORATION

23.1 Tenant's Undertaking

The Tenant covenants that it will, throughout the Term, comply promptly with and require its employees and invitees to comply with the provisions of the *Strata Property Act (British Columbia)*, as amended from time to time, and with all applicable Bylaws, Rules and Regulations from time to time established by the Strata Corporation for the Complex as part of the Strata Corporation insofar as such provisions affect the Tenant as a tenant and occupier of the Premises, all of which are incorporated by reference herein. The Tenant acknowledges that the Landlord, as owner of the Premises, retains all rights, privileges and powers under the *Strata Property Act (British Columbia)* and all Bylaws, Rules and Regulations of the Strata Corporation including, without limitation, the right to vote and to settle, determine, resolve and pass any amendment(s) or substitution(s) to the Bylaws, Rules and Regulations of the Strata Corporation from time to time, without notice to the Tenant.

23.2 Strata Property Act Undertaking.

The Tenant covenants to provide to the Strata Corporation an undertaking to comply with the provisions of the *Strata Property Act* (British Columbia), and the Strata Corporation Bylaws and Rules and Regulations, in the form provided by the *Strata Property Act* (British Columbia).

23.3 Strata Property Voting Rights

Notwithstanding the provisions of the *Strata Property Act* (British Columbia), as amended from time to time, or such successor legislation as may be enacted in substitution therefor, the Landlord and the Tenant agree that nothing herein will be deemed to operate as an assignment by the Landlord to the Tenant of the rights, powers and obligations of the Landlord as an "owner" under the said *Strata Property Act* (British Columbia), as amended from time to time, including but not limited to voting rights.

23.4 Strata Corporation Controlled Common Property

The Tenant acknowledges and agrees with the Landlord that:

(a) subject to the Bylaws of the Strata Corporation, the Strata Corporation will at all-time have the right to control the Common Property. Such control applies to loading and unloading of vehicles, parking, awnings, signs, use of show windows, and the Tenant's publicity visible from covered walkways, public hallways and from the public area outside the exterior of the Complex whether or not on or off the Premises, as well as to the use made by the Tenant and/or the public of the public areas and, in particular, but without in any way limiting the generality of the provisions of Section 24.1, the Tenant will not, unless otherwise permitted to do so under this Lease, keep, display or sell any merchandise on or otherwise obstruct or use any part of the Common Property except as permitted by the Strata Corporation; and

(b) the Tenant will comply and will cause its employees and invitees to comply with the provisions of any building scheme, restrictive covenants and easements registered against title to the Strata Lots within which the Premises may be located or to any property of which the Premises forms a part of.

23.5 Landlord Obligations - Strata Property Act

The Landlord and Tenant covenant and agree that, notwithstanding anything to the contrary provided in this Lease, to the extent that the *Strata Property Act* (British Columbia), as amended from time to time, provides that the Strata Corporation is responsible to perform any of the obligations of the Landlord provided in this Lease including, without limitation, the responsibility for managing and maintaining the Common Property and common assets of the Strata Corporation, obtaining and maintaining property insurance and obtaining and maintaining liability insurance as provided in the *Strata Property Act* (British Columbia) or the Bylaws of the Strata Corporation provide that the Strata Corporation is responsible to perform any of the obligations of the Landlord under this Lease, the Tenant hereby releases the Landlord from its obligation to perform such obligations which are the responsibility of the Strata Corporation to perform, provided (i) the Landlord will vote in such manner so as to be consistent with the provisions of this Lease and will not vote in favour of any bylaw or rule that would restrict the Tenant's rights under this Lease, including, without limitation, any restriction on the operation of the Tenant's business in the Leased Premises or the Tenant's use of the Common Property; and (ii) upon written request from the Tenant, the Landlord shall, in its capacity as registered owner of the Premises and at the sole cost and expense of the Tenant, use commercially reasonable efforts to cause the Strata Corporation to comply with the Strata Property Act (British Columbia) and the Bylaws.

23.6 Use of Common Property

To the extent permitted by the *Strata Property Act* (British Columbia) and the Bylaws from time to time in effect and subject to the terms, conditions and indemnities set out in this Lease, the Landlord grants to the Tenant, its employees, invitees and licensees in common with all others entitled thereto the license and right to travel over the Common Property (including all parking areas included therein) for the purpose of ingress and egress to and from the Premises and for all purposes as shall be reasonably appropriate for the Tenant to utilize and enjoy the Premises and such Common Property.

ARTICLE 24 – ADDITIONAL PROVISIONS

24.1 Option to Renew

Provided the Tenant has not defaulted beyond any applicable cure period throughout the Term or any extension or renewal thereof, the Tenant shall have an option to renew this Lease for two (2) successive additional terms of three (3) years each (a "Renewal Term") upon the same terms and conditions as are contained in the Lease, except for:

(a) the amount of the Minimum Rent;

(b) any rent free periods;

(c) leasehold improvement allowances or other inducements; and

(d) the Tenant shall have no further rights of renewal.

The Minimum Rent payable by the Tenant during the Renewal Term will be the greater of: i) the Minimum Rent payable immediately before the expiration of the Term (or Renewal Term, as the case may be); or ii) at the then current market rental rate for the Premises including all leasehold improvements thereto, provided that the Tenant will not be entitled to, nor will the Minimum Rent be reduced to take account of, any cash payment, leasehold improvement allowance, rent free period or other inducement provided for. Failing agreement by the parties on such current market rental rate at least ninety (90) days prior to the expiry of the Term, the current market rental rate will be determined by one arbitrator under the *Commercial Arbitration Act,* S.B.C. 1986, c. 3 (British Columbia), and amendments thereto, or any like statute in effect from time to time, and the decision of such arbitrator will be final and binding upon the parties. The costs of the arbitration will be borne equally by the parties.

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The Renewal Term shall commence on the day immediately succeeding the expiration of the Term and shall end at 11:59 p.m. of the day immediately preceding the third anniversary of the first day of the Renewal Term. The Tenant may only exercise an option to renew this Lease by giving notice in writing to the Landlord no earlier than twelve (12) months and no later than six (6) months prior to the date on which the applicable Renewal Term would commence pursuant to this provision. In the event that the Tenant has defaulted beyond any applicable cure period throughout the Term, or any extension or renewal thereof, or the Tenant fails to give notice to the Landlord as herein provided, this Lease shall automatically terminate at the end of the Term (unless earlier terminated hereunder) and the Tenant shall have no further option to extend or renew this Lease.

24.2 Renewal Rentals

The Minimum Rent to be paid by the Tenant to the Landlord for the Renewal Term shall be such rent as is agreed upon between the Landlord and the Tenant having regard to the prevailing rate in the open market then being charged for the best use of similar premises in the Port Coquitlam in the Province of British Columbia, and without allowance for tenant improvement allowances, inducements, rent free periods or other concessions generally available at the time of the commencement of the Renewal Term to tenants entering into similar new leases; provided always that the Minimum Rent shall not be less than was payable during the immediately preceding year. If no agreement is reached ninety (90) days before the date upon which the Renewal Term is to commence, the rent for the Renewal Term shall be determined by arbitration by a single arbitrator if the parties can agree on one or failing such agreement by three arbitrators, one to be appointed by each party and the third to be appointed by such arbitrators, and the provisions of the *Arbitration Act of British Columbia*, R.S.B.C. 1996, as amended from time to time shall govern the arbitration proceedings. The determination of the Minimum Rent, which shall not be less than was payable during the immediately preceding year, shall be made by the said arbitrator or by a majority of them, as the case may be, and shall be final and binding upon the Landlord and the Tenant. The cost of the arbitration and remuneration of the arbitrators shall be borne by the Tenant. Until the rent is determined, the Tenant shall pay rent in a Renewal Term on the basis of 125% the amount payable in the last year of the Term.

Once the rent for the Renewal Term is determined, all appropriate adjustments shall be made between the Landlord and the Tenant.

24.3 Covenantor's Obligations

The obligations of the Co-Covenantor, if any, shall be as set out in Schedule "F", to which the Co-Covenantor expressly agrees to be bound, on behalf of him or herself, and his or her heirs, successors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Lease effective as of the day and year first above written and the parties hereto acknowledge recommendation that they obtain independent legal advice from their legal counsel prior to executing this document.

LANDLORD
SIGNED AND DELIVERED by the Landlord)
ZANATTA SEABORNE 2 HOLDINGS LTD.)
Per its authorized signatory:)
DocuSigned by:)
Jason Zanatta)
Authorized Signatory)

I have authority to bind the corporation.

TENANT
SIGNED AND DELIVERED by the Tenant)
FELIX PHARMACY WEST INC.)
Per its authorized signatories:)
)
)
Authorized Signatory)
)
)
Authorized Signatory)

I/We have authority to bind the corporation.

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COVENANTOR

SIGNED AND DELIVERED by the Covenantor)
FELIX HEALTH INC.)
Per its authorized signatories:)
)
)
_____)
Authorized Signatory)
)
)
_____)
Authorized Signatory)
)

I/We have authority to bind the corporation.

SCHEDULE "A"

LEGAL DESCRIPTION

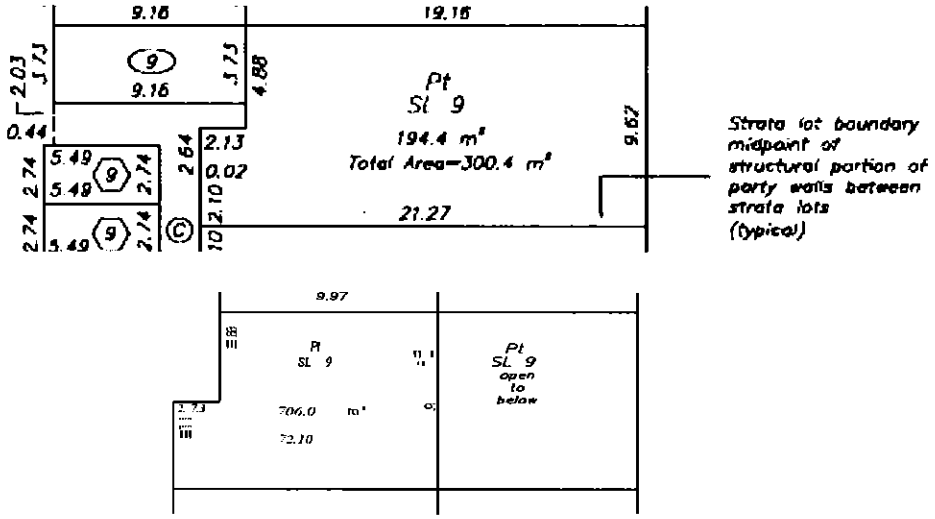
Those lands and premises, legally described as:

- PID: 031-906-630
  STRATA LOT 9 SECTION 8 BLOCK 6 NORTH RANGE 1 EAST NEW WESTMINSTER DISTRICT
  STRATA PLAN EPS9208
  TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN PROPORTION TO THE UNIT
  ENTITLEMENT OF THE STRATA LOT AS SHOWN ON FORM V

SCHEDULE "B"

SITE PLAN

This purpose of this site plan is to show the approximate configuration and size of the Premises and to indicate the three (3) parking stalls assigned to the Tenant for its exclusive use.



SCHEDULE "C"

DESCRIPTION OF LANDLORD AND TENANT WORK

A. PREMISES - WORK BY LANDLORD

The Landlord shall complete the following work prior to December 1st, 2023:

a) to make sure all existing electrical, mechanical, HVAC, plumbing, and loading doors are functional and in good working order;

b) to clean the ground floor and second floor washroom;

c) to clean the second floor carpet and provide the warehouse in a clean broom swept condition; and

d) to remove any of the previous tenant's signage or logos from the interior and exterior of the Premises; (collectively, the **"Landlord's Work"**).

Apart from the Landlord's Work and subject to the terms of the Lease, the Premises will be on a complete "as is - where is" basis.

B. PREMISES - WORK BY TENANT

Apart from the Landlord's Work, the Tenant will be responsible for any and all improvement work within the Premises (the **"Tenant's Work"**).

Subject to the terms herein, the Tenant shall be entitled to complete the following improvement work at any point during the Term of the Lease:

a) to install a double sink in the warehouse as required by the regulations of the College of Pharmacists; and

b) to add additional electrical and network cabling as required throughout the unit for operations.

Any such Tenant's Work will be performed by a professional contractor in a first class manner and at such times and in such manner as the Landlord may approve and in accordance with the provisions of the Lease and the following:

Approval

All Tenant's Work performed by the Tenant is to be done in accordance with the Landlord's design criteria, if applicable, and is subject to the prior written approval of the Landlord. Plans and specifications for all Tenant's Work must be submitted to the Landlord and approved by the Landlord in writing prior to commencement of the Tenant's Work, such approval not to be unreasonably withheld or delayed. The Landlord shall provide such approval (or non-approval if applicable) within five (5) business days of receipt of Tenant's plans.

The Tenant must apply for and procure all permits including Certificate of Occupancy permit and those for construction work for which it is responsible. All work must conform to the local, municipal, provincial and federal codes, inspection bureaus and underwriter's requirements, etc.

Tenant's Electrical, Mechanical and Plumbing

For the preparation of the Tenant plans and specifications for any electrical, heating, ventilating, air-conditioning and plumbing alterations, the Tenant will employ the Landlord's architect and engineers or such other consultants as may be approved or requested by the Landlord.

During Construction

The Tenant will, during construction and merchandising, maintain the Premises in a clean and orderly condition, promptly removing unused construction materials, merchandise, shipping containers, equipment, all debris and inflammable material from the Premises and surrounding area. During the construction, merchandising and subsequent store operation the Tenant will contain all construction materials, equipment, store fixtures, merchandise, shipping containers and general debris within the Premises. The exterior of the building are to be kept clear of all Tenant's materials, equipment and refuse at all times. These areas are to be used for access and egress only. The Tenant is responsible for ensuring that its contractor or workmen remove all garbage and debris from the Premises on a daily basis and is placed in the garbage bin supplied by the Tenant at a location to be directed by the Landlord or Landlord's Agent. Failure to remove garbage and debris or lack of cooperation in this regard may result in a labour backcharge to the Tenant at the sole option of the Landlord.

Upgrades to the Heating and Air Conditioning Equipment and Exhaust Systems

If, in the Landlord's sole opinion, upgrades are required to be made, to the heating, ventilating and air conditioning or exhaust system installed by the Landlord in the Premises due to the nature of the Tenant's business operations, equipment, occupancy load, lighting requirements or partitions, the design and installation of such upgrades will be at the sole cost and expense of the Tenant.

Tenants' premises which are emitting odors or substances, along with their exhaust systems, which is in the

Landlord's reasonable opinion objectionable, will require a suitable filtering system or an alternative system approved by the Landlord, to be installed by the Tenant at the sole cost and expense of the Tenant.

If required by the nature of the Tenant's business operations, exhaust hoods over cooking surfaces or food preparation areas, will be exhausted above or away from all other tenants air conditioning units on the roof, at the sole cost of the Tenant. All exhaust locations to be coordinated and approved with the Landlord.

Permits and Inspections Certificates

Within 30 days of the opening for business the Tenant will provide the Landlord with a copy of all necessary final inspection certificates and/or occupancy permit(s) for the Tenant's Work that was completed and for which the Tenant is required to obtain pursuant to any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits and other lawful requirements of any governmental authority having jurisdiction over the Premises. Upon completion of the Tenant's Work, the Tenant will forthwith furnish to the Landlord a certificate signed by an officer of the Tenant stating that there are no builder's liens outstanding against the Premises on account of the Tenant's Work and that all accounts for work, services and materials have been paid in full with respect to all of the Tenant's Work together with evidence in writing satisfactory to the Landlord that all assessments under the *Worker's Compensation Act* have been paid. The Landlord will reserve the right to request satisfactory proof of payment of Tenant's contractors and suppliers.

Indemnification

The Tenant covenants and agrees at all times to save the Landlord harmless from and keep it indemnified against any and all claims, demands, actions, suits and proceedings of whatsoever nature upon or in respect of or in any manner arising out of the Tenant's Work which at any time or times hereinafter will or may be made, brought to or proceeded against the Landlord and also from and against all loss, cost, charges, damages and expenses which the Landlord may sustain or incur for any reason of claim, demand, action, suit or proceeding.

Replacement

Substandard or inferior materials and/or workmanship will, at the Tenant's expense, be replaced by materials and/or workmanship of first class quality to the Landlord's satisfaction. The cost of any delays incurred by the Landlord's general contractor as a result of the replacements set forth above will be paid by the Tenant.

Compatibility of Trades

The Tenant shall be permitted to select its own contractors, consultants and trades, except for already existing infrastructure improvements such as the sprinklers, and the Tenant shall coordinate the construction of the leasehold improvements.

All personnel working on the site must be compatible with the Landlord's general contractor and subtrades. The Tenant will not employ, on the work, any unfit person or anyone not skilled in the work assigned to him or any worker that will cause labour disputes or stoppages among other tradespeople performing work in the Complex.

Floor Loads

The Tenant or its contractor will not impose upon the floor areas of the structure a greater working load than the design live load of 100 pounds per square foot uniformly distributed for slab-on-grade only.

Suspended Loads

No suspended loads will be permitted without the Landlord's prior written approval.

No Entry on to Roof

Under no circumstances will the Tenant, its employees, its contractor or its contractor's employees enter onto any roof or at any time make any openings in the roof of the basic building. Should the Tenant require anything to be done to any part of the roof of the basic building, this will be done by the Landlord's contractor for the Tenant's account, and payment will be made by the Tenant to the Landlord upon demand.

Evidence of Insurance

The Tenant will provide the Landlord evidence of the construction insurance and comprehensive general liability insurance more fully described in this Lease prior to commencement of construction of the Tenant's Work.

Construction Start

Tenant will start construction forthwith after the last to occur of: (a) approval by the Landlord of the Tenant plans and specifications, or (b) the date of commencement of the Fixturing Period and will complete the Tenant's Work prior to the expiry of the Fixturing Period in accordance with the approved Tenant Plans and specifications, in coordination with basic building construction and in cooperation with the Landlord's contractor and particularly the Landlord's installation of heating, ventilating and air-conditioning.

Liens

The Tenant will not permit, do, or cause anything to be done to the Premises during the period of construction and fixturing of the Premises or at any other time which would allow any lien, certificate of pending litigation, judgment, or certificate of any court, or any mortgage, charge, conditional sale agreement, personal property security or encumbrance of any nature whatsoever, to be imposed or to remain upon the title to the Premises or any fixtures or leasehold improvements therein. In the event of the registration of any lien, charge, conditional sale agreement, personal property security or other encumbrance against the Premises in the appropriate land title office or other government office, the Tenant will, forthwith and not later than ten (10) days following notice thereof, at its own expense file the requisite discharge (or no interest letter) in the appropriate registry to cause the same to be discharged (or released) whether by payment or giving security or in such other manner as may be permitted by law, and failing which the Landlord may, but will not be required to, make any payments required to procure the discharge (or release) of such lien, charge, or encumbrance and the Tenant will forthwith reimburse the Landlord for all expenses, including legal fees on a solicitor and own client basis in connection therewith together with interest thereon at the rate specified in Section 20.1 of this Lease from the date such expenses are incurred until paid. The Landlord may file a notice against title to the Premises at the Land Title Office or post notices on or within the Premises under the *Builders' Lien Act*, stating that the Landlord will not be responsible for liens arising from work for which the Landlord has not contracted.

Construction Safety

It is the Tenant's responsibility to ensure that its contractors comply with the requirements of WorkSafeBC and the by-laws of the Province of British Columbia. Any additional safety regulations which may be imposed by an authorized representative of the Landlord must also be followed, immediately and fully. Should failure to comply result in any liability for the Landlord, the Tenant will be held fully responsible for all costs and any other responsibilities arising therefrom.

All Tenant contractors or tenants performing work must be prepared to furnish evidence of good standing with WorkSafeBC. The Tenant contractor or Tenant will be responsible for adhering to the requirements of WorkSafeBC including the filing of a notice of project as deemed necessary at least 24 hours before commencement of any Tenant's Work. The Tenant must comply with all applicable requirements as outlined in the WorkSafeBC Occupational Health and Safety Regulation guide. If it is found that the Tenant's contractor is, in any way, not complying with the WorkSafeBC's requirements, it will be the Tenant's responsibility to ensure compliance. Any fines or liability arising from non-compliance will be the sole responsibility of the Tenant.

Communication Equipment

The Tenant will be responsible for the installation and maintenance and any related costs of its telephones, computers and special equipment.

Default

Failure of the Tenant to provide the Tenant plans and specifications and information meeting the Landlord's approval and commencing any work requiring the Landlord's approval under the Lease will constitute a default under this Lease subject to any appropriate cure period.

DocuSign Envelope ID: 3D544B6B-9A74-4A74-A7D3-7ADCDFE27AB8

SCHEDULE "D"

RULES AND REGULATIONS

1. REFUSE

(a) All trash, rubbish, waste material and other garbage will be kept within the Premises until the day of removal, such removal to be at the expense of the Tenant on a regular basis as determined by the Landlord.

(b) The Tenant will not burn any garbage in or about the Premises or anywhere within the Complex.

(c) If the Tenant's garbage is of a deteriorating nature, creating offensive odours, the Tenant will utilize and maintain at its cost and expense refrigerated facilities as required by the Landlord.

(d) In the event the Landlord considers necessary, or otherwise consents in writing to, the placing of the Tenant's garbage outside the Premises, such garbage will be placed by the Tenant in containers approved by the Landlord and the Strata Corporation and kept at a location designated by the Landlord or the Strata Corporation.

2. OVERLOADING, SUSPENSION

(a) The Tenant will not overload any floor of the Premises in excess of one hundred (100) pounds per square foot, or such other weight as the Landlord reasonably determines.

(b) The Tenant will not hang or suspend from any wall or ceiling or roof, or any other part of the Premises, any equipment, fixtures, signs or displays which are not first authorized by the Landlord.

3. ELECTRICAL EQUIPMENT

(a) The Tenant will at its sole cost and expense, install and maintain all necessary lighting fixtures, electrical equipment and wiring therefor.

(b) If the Tenant requires any electrical equipment which might overload the electrical facilities in the Premises, the Tenant will submit to the Landlord plans and specifications for works required to install and supply additional electrical facilities or equipment to prevent such overloading, and will obtain the Landlord's written approval to perform such works, which will meet all the applicable regulations or requirements of any government or other competent authority, the Association of Insurance Underwriters and the Landlord's insurers, all at the sole cost and expense of the Tenant.

4. PLUMBING

No plumbing facilities will be used for any purpose other than that for which they were designed, and no foreign substance of any kind will be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision by the Tenant or by any person for whom the Tenant is responsible will be borne by the Tenant. No garburators will be installed by the Tenant without the prior written approval of the Landlord.

5. HVAC OPERATION

(a) The Tenant will operate or permit to be operated its own heating, ventilating or air-conditioning equipment, if any, in such manner that there will be no direct or indirect appropriation of heating or cooling from other portions of the Complex.

(b) The Tenant will not leave open any doors or windows to the exterior of the Premises which would adversely affect the performance of any heating, ventilating or air conditioning equipment in the Premises.

6. SIGNS, ADVERTISING, DISPLAY WINDOW

(a) The Tenant will not erect or install any exterior signs or interior window or door signs or advertising media or window or door lettering or placards without the prior written consent of the Landlord not to be unreasonably withheld, conditioned or delayed.

(b) The Tenant will not use any advertising media that the Landlord will deem objectionable to it or to other tenants, such as, without limiting the generality of the foregoing, loudspeakers, phonographs, televisions, public address systems, sound amplifiers, radios, broadcasts or telecasts within the Premises in a manner capable of being heard or seen outside the Premises.

(c) The Tenant will not install any exterior lighting, exterior decorations or build any aerial or mast or make any change to the store front of the Premises, without the prior written consent of the Landlord.

(d) The Tenant will indemnify and save harmless the Landlord from all claims, demands, loss or damage to any person or property arising out of any sign, mast, aerial or other installation, notwithstanding any consent by the Landlord thereto.

(e) The Tenant will keep all display windows neatly dressed and, together with any other windows, store fronts and lighted signs in, upon or affixed to the Premises, illuminated until such times as required by the Landlord.

(f) Any installation requiring the Landlord's consent which has not received such consent will be subject to immediate removal without notice at the Tenant's cost.

7. NO SOLICITATION

Neither the Tenant, nor the Tenant's employees and agents, will solicit business in the Parking Areas or other Common Property or distribute any handbills or other advertising matter therein.

8. PESTS

Should the Premises become infested with rodents, vermin or the like, the Tenant will forthwith remedy the same and will use, at the Tenant's cost, such pest extermination contractor as the Landlord may direct and at such intervals as the Landlord may require as being necessary by reason of the conditions in the Premises.

9. NOTICE OF ACCIDENT, DEFECTS

The Tenant will give immediate notice to the Landlord in case of fire or accident in the Premises or of defects therein or to any fixtures or equipment thereon.

10. EMERGENCY CONTACTS

The Tenant will provide the Landlord with the names, addresses and telephone numbers of two (2) authorized employees of the Tenant who may be contacted by the Landlord in the event of an emergency relative to the Premises.

11. PERMITS, LICENCES

The Tenant alone will be responsible for obtaining, from the appropriate governmental authority or other regulatory body having jurisdiction, whatever permits, licences or approvals as may be necessary for the operation of its business, the whole to the entire exoneration of the Landlord.

12. TENANT'S WORK

Any work to be performed in the Premises by the Tenant will be first approved and then made strictly in accordance with the Rules and Regulations.

13. ADDITIONAL KEYS/ACCESS CARDS

On possession of the Premises, the Tenant will be provided an initial set of Premises keys/access cards without charge. The Tenant will be responsible for any additional or replacement key(s)/access card(s) or fobs it requires and the Landlord will back charge the Tenant a reasonable fee plus applicable taxes for each additional key/access card or fob the Tenant requests. The fob fee will be refunded if the fob is returned in working order.

14. FURTHER RULES AND REGULATIONS

For the general benefit and welfare of the Complex and the tenants therein, the Landlord may amend these Rules and Regulations, by alteration or addition, provided such amendments do not materially prejudice the rights granted to the Tenant under the Lease nor increase the Tenant's financial obligations thereunder, and such amended rules and regulations will be binding on the Tenant.

15. NO SMOKING IN OR NEAR CERTAIN PLACES (BC ONLY)

Subject to the applicable tobacco legislation under the *Tobacco Control Act* (British Columbia), no smoking or holding lighted tobacco in any building, structure, vehicle or any other place that (a) is fully or substantially enclosed and is a place to which the public is ordinarily invited or permitted access, either expressly or by implication, whether or not a fee is charged for entry, or (b) is a workplace, or is otherwise a restricted place pursuant to the tobacco legislature, or (c) within a prescribed distance (3 metres) from a doorway, window or air intake of a place described in (a).

SCHEDULE "E"

PROHIBITED USES

PROHIBITED USES

None of the Tenant or any assignee, subtenant, concessionaire, licensee or other user or occupant of all or any portion of the Premises will be permitted to use all or any portion of the Premises for any of the following purposes (it being acknowledged by the Tenant that the Landlord reserves the right, in its sole discretion, to grant exemptions from any such prohibited uses to the Tenant or any other tenant, from time to time, provided such exemption would not result in a conflict with any exclusivity right granted to the Tenant under this Lease):

1. funeral establishment;
2. automobile sale, leasing, display establishment or used car lot;
3. auction or bankruptcy sale;
4. pawn shop
5. outdoor circus, carnival or amusement park, or other entertainment facility;
6. outdoor meetings;
7. bowling alley;
8. primarily pool or billiard establishment;
9. shooting gallery;
10. off-track betting (provided that government sponsored lottery tickets will not be prohibited);
11. refinery;
12. adult bookstore or facility selling or displaying pornographic books, literature, or videotapes (materials will be considered adult or pornographic for such purpose if the same are not available for sale or rental to children under 18 years old because they explicitly deal with or depict human sexuality) or massage parlor;
13. any residential use, including but not limited to living quarters, hotel, sleeping apartments or lodging rooms;
14. theatre or movie theatre;
15. auditorium, meeting hall, library or reading room, ballroom, or other place of public assembly;
16. unemployment agency, service or commission;
17. dance hall, massage parlour; gun range;
18. cocktail lounge, bar (except as an incident to a full kitchen restaurant operation), disco or night club;
19. bingo or similar games of chance, but lottery tickets and other items commonly sold in retail establishments may be sold as an incidental part of another primary business;
20. amusement arcade, except as an incidental part of another primary business;
21. skating or roller rink;
22. car wash or car rental agency;
23. second hand store, auction house, or flea market or other operation selling used goods; and
24. any business or use which emits offensive odours, fumes, dust or vapour, or constitutes a public or private nuisance, or emits loud noise or sounds which are objectionable, or which create a fire, explosive or other hazard.

SCHEDULE "F"

INDEMNITY AGREEMENT

The provisions of this Schedule "F" shall apply in the event the Lease is executed by one or more Co-Covenantor and such Co-Covenantor shall enter into an Indemnity Agreement substantially on the terms and conditions set out below, which agreement will be entered into by the Co-Covenantor concurrently with its execution of the Lease.

In consideration of the Landlord entering into the Lease with the Tenant and in further consideration of the sum of One ($1.00) dollar now paid by the Landlord to the Co-Covenantor and all other good and valuable consideration (the receipt of all of which is hereby acknowledged by the Co-Covenantor), the Co-Covenantor agrees under seal with the Landlord as follows:

1. The Co-Covenantor shall be jointly and severally liable with the Tenant as principal debtor, and not as guarantor or surety, for due payment of all rent and other monies payable at the times and in the manner provided in the Lease.

2. The Co-Covenantor unconditionally agrees and covenants with the Landlord to cause the Tenant to duly observe, perform and keep each and every of the other covenants, agreements, stipulations, obligations, conditions and other provisions of the Lease to be observed, performed and kept by the Tenant at the times and in the manner provided in the Lease and, in the event of default by the Tenant, to duly observe, perform and keep such covenants, agreements, stipulations, obligations and conditions himself.

3. The Co-Covenantor will indemnify and save harmless the Landlord against and from all losses, damages, costs and expenses which the Landlord may sustain, incur or become liable for by reason of:

(a) the failure, for any reason whatsoever, of the Tenant or the Co-Covenantor to pay all rent or other monies payable at the times and in the manner provided in the Lease;

(b) the failure, for any reason whatsoever, of the Tenant, or the Co-Covenantor on behalf of the Tenant, to observe, perform and keep each and every of the other covenants, agreements, stipulations, obligations, conditions and other provisions of the Lease to be observed, performed and kept by the Tenant; or

(c) any act, action or proceeding of or by the Landlord for or in connections with the enforcement of the Lease including without limitation the provisions of this Schedule "D".

4. With respect to the Co-Covenantor's joint and several liability with the Tenant as principal debtor in accordance with paragraph 1 of this indemnity agreement, such obligations shall survive any act, omission, actions or proceedings which might release or diminish the liability of any guarantor or surety of the due payment of any rent or other monies payable pursuant to the Lease.

5. With respect to the Co-Covenantor's obligations pursuant to paragraph 2 of this indemnity agreement:

(a) the Co-Covenantor hereby renounces and waives the benefit of discussion and compensation and any right to require the Landlord to first proceed against the Tenant or to pursue any other remedy whatsoever which may be available to the Landlord before proceeding against the Co-Covenantor;

(b) the Co-Covenantor acknowledges that any act or failure to act of or by the Landlord against or in respect of the Tenant or the Premises pursuant to the terms of the Lease, and, without limiting the generality of the foregoing, any neglect or forbearance or delay by the Landlord in taking any steps to enforce the observance, performance and keeping of the covenants, agreements, stipulations, obligations and other provisions of the Lease, any extension of time which may be given by the Landlord from time to time to the Tenant and any release which may be given by the Landlord from time to time the Tenant shall not release or diminish the liability of the Co-Covenantor pursuant to paragraph 2 hereof; and

(c) the Co-Covenantor agrees that any alterations of the terms of the Lease agreed to by the Landlord and the Tenant from time to time, whether material or not, or any assignment of the Lease by the Landlord or the Tenant or by any trustee, receiver or liquidator of the Tenant shall not release or diminish the liability of the Co-Covenantor pursuant to paragraph 2 hereof.

6. The Co-Covenantor shall execute and deliver such further assurances as the Landlord may reasonably require including, should the Landlord so elect upon the occurrence of any event of default under the Lease or upon re-entry or termination of the Lease by the Landlord, a lease of the Premises for a term equal in duration to the residue remaining unexpired of the Term, on the same terms and conditions as the Lease.

7. In the event of more than one Co-Covenantor to the Lease, then the term "Co-Covenantor" shall be taken to apply to all such Co-Covenantors, who shall be jointly and severally liable to the Landlord.

8. The obligations of the Co-Covenantor shall survive the expiration of the Term to the extent that there is then any default under the Lease and, further, shall survive any earlier termination of the Term.

9. The liability of the Co-Covenantor shall continue notwithstanding any release or discharge of the Tenant in any receivership, bankruptcy, winding-up or other creditors' proceeding or the rejection, disaffirmance or disclaimer of the Lease in any proceeding or the repossession of the Premises by the Landlord.

This is Exhibit "**39**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within ~~British Columbia~~

Zanatta Seaborne 2 Holdings Ltd.

Compiled Financial Information

For the year ended December 31, 2024

Zanatta Seaborne 2 Holdings Ltd.

Contents

For the year ended December 31, 2024

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Compiled Financial Information

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Statement of Earnings (Loss) and Deficit *2*

Note to the Compiled Financial Information *3*

Compilation Engagement Report

To the Management of Zanatta Seaborne 2 Holdings Ltd.:

On the basis of information provided by management, we have compiled the balance sheet of Zanatta Seaborne 2 Holdings Ltd. as at December 31, 2024, the statement of earnings (loss) and deficit for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Langley, British Columbia

May 26, 2025

MNP LLP

Chartered Professional Accountants

Zanatta Seaborne 2 Holdings Ltd.
Balance Sheet
As at December 31, 2024

	2024	2023
Assets		
Current		
Cash	**15,144**	18,998
Property	**1,997,356**	2,017,216
Advances to related party	**235,350**	-
	2,247,850	2,036,214
Liabilities		
Current		
Trade and other payables	**22,394**	-
Goods and Services Tax payable	**16,946**	1,106
	39,340	1,106
Long-term debt	**1,985,000**	1,985,260
Payable to shareholder	**192,000**	65,000
Advances from related party	**183,014**	143,457
	2,399,354	2,194,823
Shareholder's Deficit		
Share capital	**10**	10
Deficit	**(151,514)**	(158,619)
	(151,504)	(158,609)
	2,247,850	2,036,214

Approved on behalf of Management

e-Signed by Jason Zanatta
2025-05-26 09:15:04:04 PDT
Director

Zanatta Seaborne 2 Holdings Ltd.
Statement of Earnings (Loss) and Deficit
For the year ended December 31, 2024

	2024	*2023*
Rental income	**318,000**	22,133
Expenses		
Amortization	**19,859**	10,100
Interest and bank charges	**305**	205
Interest on long-term debt	**257,385**	144,013
Management fees	**7,802**	3,989
Professional fees	**6,150**	16,505
Property taxes	**19,394**	5,940
	310,895	180,752
Net earnings (loss)	**7,105**	(158,619)
Deficit, beginning of year	**(158,619)**	-
Deficit, end of year	**(151,514)**	(158,619)

Zanatta Seaborne 2 Holdings Ltd.
Note to the Compiled Financial Information
For the year ended December 31, 2024

1. Basis of accounting

The basis of accounting applied in the preparation of the financial information of Zanatta Seaborne 2 Holdings Ltd. as at December 31, 2024 is on the historical basis, reflecting cash transactions with the addition of:

- revenue-producing property amortized in accordance with amounts allowable for income tax purposes;
- trade and other payables, and accrued liabilities;
- current income taxes payable as at the reporting date;
- rental revenue recorded in accordance with the lease terms.

This is Exhibit "**40**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

BRITISH COLUMBIA

Ministry of Finance

Receivables Management Office
PO Box 9445 Stn Prov Govt
Victoria BC V8W 9V5

FAX SHEET

Date: May 20, 2025

Business Number: 13538 9609 BT 0003
Account Number: EHT-1486-0730

Please deliver the following pages to:

Name:	BANQUE NATIONALE DU CANADA
Branch/Company:	5811 NO. 3 RD
City:	RICHMOND
Phone Number:	604 821-1899
Fax Number:	604 821-1707

From:

Name:	Laura Cruz
Branch:	Receivables Management Office
Phone Number:	1 866 566-3066, extension 1114
Fax Number:	250 356-1090

Number of pages transmitted (including cover page): 2

If you do not receive all pages, please call the sender immediately.

Additional Information/Comments:

This facsimile is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone the sender immediately and destroy the facsimile. Thank you.

BRITISH COLUMBIA

May 20, 2025

Business Number: 13538 9609 BT 0003
Account Number: EHT-1486-0730
Letter Id: L1326826272

BANQUE NATIONALE DU CANADA
5811 NO. 3 RD
RICHMOND BC V6X 4L7

Dear Sir/Madam:

Re: NOVO TEXTILE COMPANY LTD.

On April 8, 2025, you were sent a Demand Notice for $65,967.75 against the above-noted.

To date we have not received a response or payment from you; therefore, please provide an update as to the status of this Demand Notice. Your immediate attention to this matter is required.

When forwarding payment, refer to EHT-1486-0730.

If you have any questions, please call me toll-free (within Canada) at 1 866 566-3066, extension 1114. If you are outside Canada, please call 1 250 387-6727, extension 1114

Yours truly,

Laura Cruz
Collection Officer

Ministry of Finance Receivables Management Office

Mailing Address:
PO Box 9445 Stn Prov Govt
Victoria BC V8W 9V5

Location:
1802 Douglas Street
Victoria BC V8T 4K6

Telephone: 250 387-6727
Facsimile: 250 356-1090

Website Address:
gov.bc.ca/taxes

BRITISH COLUMBIA

Ministry of Finance

Receivables Management Office
PO Box 9445 Stn Prov Govt
Victoria BC V8W 9V5

FAX SHEET

Date: April 8, 2025

Business Number: 13538 9609 BT 0003
Account Number: EHT-1486-0730

Please deliver the following pages to:

Name:	BANQUE NATIONALE DU CANADA
Branch/Company:	5811 NO. 3 RD
City:	RICHMOND
Phone Number:	604 821-1899
Fax Number:	604 821-1707

From:

Name:	Laura Cruz
Branch:	Receivables Management Office
Phone Number:	1 866 566-3066, extension 1114
Fax Number:	250 356-1090

Number of pages transmitted (including cover page): 4

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BRITISH COLUMBIA

April 8, 2025

Business Number: 13538 9609 BT 0003
Account Number: EHT-1486-0730
Letter Id: L0349848864

BANQUE NATIONALE DU CANADA
5811 NO. 3 RD
RICHMOND BC V6X 4L7

Attention: Manager, Customer Service

Dear Recipient:

Re: NOVO TEXTILE COMPANY LTD.

The above captioned is indebted to the Province of British Columbia for $65,967.75.

We are serving you with this Demand Notice (demand) issued pursuant to section 83 of the *Employer Health Tax Act.* The Act provides that the demand may be served by personal service, registered mail, electronic mail, or facsimile.

You are required to pay to the Minister of Finance any funds currently on deposit, any funds you receive for deposit, or funds advanced under a loan or other credit arrangement (including Visa or MasterCard) up to the amount of this demand.

This demand is in effect for a maximum of 90 days from the date of this letter, or until satisfied in full, whichever is earlier. Failure to comply may result in your becoming liable to the Province of British Columbia.

Please acknowledge receipt of this demand and confirm that funds have been sent. When remitting funds, please use the enclosed payment voucher provided.

If you have any questions, please call me toll-free (within Canada) at 1 866 566-3066, extension 1114. If you are outside Canada, please call 1 250 387-6727, extension 1114.

Yours truly,

Laura Cruz
Collection Officer

Enclosures

Ministry of Finance Receivables Management Office

Mailing Address:
PO Box 9445 Stn Prov Govt
Victoria BC V8W 9V5

Location:
1802 Douglas Street
Victoria BC V8T 4K6

Telephone: 250 387-6727
Facsimile: 250 356-1090

Website Address:
gov.bc.ca/taxes

DEMAND NOTICE

EHT-1486-0730

To: BANQUE NATIONALE DU CANADA
5811 NO. 3 RD
RICHMOND BC V6X 4L7

Whereas the undersigned believes that you are:

- indebted or about to become indebted to;
- liable or about to become liable;
- about to advance monies to;
- about to make a payment on behalf of; or
- about to make a payment in respect of a negotiable instrument issued by,

NOVO TEXTILE COMPANY LTD.

of 10 KING EDWARD ST UNIT 105 COQUITLAM BC V3K 4S8

hereinafter referred to as the "debtor".

You are hereby required, by virtue of one or more of the Acts cited below, to pay to the commissioner on account of the debtor's liability in the amount of $65,967.75 either,

1. an amount sufficient to discharge the debtor's liability, or
2. the amounts for which you are or may become liable to the debtor or the monies that would otherwise be so advanced or paid to the debtor,

whichever is lesser.

This demand is in effect for 90 days or until satisfied in full, whichever is earlier.

Money required to be paid by you is payable:

- as soon as you are served with this demand, if you are indebted or liable to make a payment to the debtor at the time this demand is served, or
- as soon as you become indebted or liable to make a payment to the debtor, in any other case.

Failure to comply with this demand may result in you becoming liable to the Province of British Columbia. Forward payment to the Receivables Management Office, payable to the Minister of Finance. This Demand Notice has been executed under one or more of the following Acts:

Provincial Sales Tax Act, section 220, *Social Service Tax Act*, section 108, *Hotel Room Tax Act*, section 28, *Motor Fuel Tax Act*, section 57, *Tobacco Tax Act*, section 32, *International Financial Activity Act*, section 46, *Carbon Tax Act*, section 63, *Consumption Tax Rebate and Transition Act*, section 47, *Insurance Premium Tax Act*, section 25, *Logging Tax Act*, section 32, *Mineral Tax Act*, section 35, *Financial Administration Act*, section 83, *Income Tax Act, Section 200, Taxation (Rural Area) Act*, section 35, *Property Transfer Tax Act*, section 27, *Petroleum and Natural Gas Act*, sections 77 and 81, *Oil and Gas Activities Act*, section 47(3), *Employer Health Tax Act*, section 83, *Speculation and Vacancy Tax Act*, section 113, *Residential Property (Short-Term Holding) Profit Tax Act*, section 78.

BRITISH COLUMBIA

April 8, 2025

Business Number: 13538 9609 BT 0003
Account Number: EHT-1486-0730
Letter Id: L0349848864

BANQUE NATIONALE DU CANADA
5811 NO. 3 RD
RICHMOND BC V6X 4L7

When remitting your payment, detach and enclose the voucher below.

If remitting only a partial payment, make a copy of this voucher to submit with further remittances.

Keep the top portion for your records

BRITISH COLUMBIA | Ministry of Finance

Demand Payment Voucher
Employer Health Tax

NOVO TEXTILE COMPANY LTD.
105-10 KING EDWARD ST
COQUITLAM BC V3K 4S8

Statement No.: L0349848864
Statement Date: Apr 8, 2025

Account #: EHT-1486-0730

Payment Enclosed:

014296297280

Please see the attached bank demand follow up request above. I have also attached the original demand.

Thank-you,

Laura Cruz
Collection Officer
Receivables Management Office
Revenue Division
Ministry of Finance
Phone: 1-866-566-3066 ext 1114 Fax: 250-356-1090
Outside of Canada: 1-250-387-6727 option 4 ext 1114
Please consider the environment before printing this email.
Vison: Trusted Leaders in Receivables Management
Warning: This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.
We are concerned about protecting your privacy. If you don't feel comfortable using e-mail to transfer your sensitive information, please contact us via phone or regular

This is Exhibit "**41**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Please see the attached bank demand above.

Thank-you,

Laura Cruz
Collection Officer
Receivables Management Office
Revenue Division
Ministry of Finance
Phone: 1-866-566-3066 ext 1114 Fax: 250-356-1090
Outside of Canada: 1-250-387-6727 option 4 ext 1114
Please consider the environment before printing this email
Vision: Trusted Leaders in Receivables Management
Warning: *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*
We are concerned about protecting your privacy. If you don't feel comfortable using e-mail to transfer your sensitive information, please contact us via phone or regular

BRITISH COLUMBIA

Ministry of Finance

Receivables Management Office
PO Box 9445 Stn Prov Govt
Victoria BC V8W 9V5

FAX SHEET

Date: May 13, 2026

Business Number: 13538 9609 BT 0003
Account Number: EHT-1486-0730

Please deliver the following pages to:

Name:	BANQUE NATIONALE DU CANADA
Branch/Company:	5811 NO. 3 RD
City:	RICHMOND
Phone Number:	604 821-1899
Fax Number:	604 821-1707

From:

Name:	Laura Cruz
Branch:	Receivables Management Office
Phone Number:	1 866 566-3066, extension 1114
Fax Number:	250 356-1090

Number of pages transmitted (including cover page): 4

5/14/26

If you do not receive all pages, please call the sender immediately.

Additional Information/Comments:

Nora,
Kindly create JIRA
① legal - for
garnishment.
contact the A/manager
② for info.

This facsimile is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone the sender immediately and destroy the facsimile. Thank you

BRITISH COLUMBIA

May 13, 2026

Business Number: 13538 9609 BT 0003
Account Number: EHT-1486-0730
Letter Id: L1469913760

BANQUE NATIONALE DU CANADA
5811 NO. 3 RD
RICHMOND BC V6X 4L7

Attention: Manager, Customer Service

Dear Recipient:

Re: NOVO TEXTILE COMPANY LTD. ✓

The above captioned is indebted to the Province of British Columbia for $53,517.66. ✓

We are serving you with this Demand Notice (demand) issued pursuant to section 83 of the *Employer Health Tax Act*. The Act provides that the demand may be served by personal service, registered mail, electronic mail, or facsimile.

You are required to pay to the Minister of Finance any funds currently on deposit, any funds you receive for deposit, or funds advanced under a loan or other credit arrangement (including Visa or MasterCard) up to the amount of this demand.

This demand is in effect for a maximum of 90 days from the date of this letter, or until satisfied in full, whichever is earlier. Failure to comply may result in your becoming liable to the Province of British Columbia.

Please acknowledge receipt of this demand and confirm that funds have been sent. When remitting funds, please use the enclosed payment voucher provided.

If you have any questions, please call me toll-free (within Canada) at 1 866 566-3066, extension 1114. If you are outside Canada, please call 1 250 387-6727, extension 1114.

Yours truly,

Laura Cruz
Collection Officer

Enclosures

Ministry of Finance Receivables Management Office

Mailing Address
PO Box 9445 Stn Prov Govt
Victoria BC V8W 9V5

Telephone 250 387-6727
Facsimile 250 356-1090

Location.
1802 Douglas Street
Victoria BC V8T 4K6

Website Address.
gov.bc.ca/taxes

DEMAND NOTICE

EHT-1486-0730

To: BANQUE NATIONALE DU CANADA
5811 NO 3 RD
RICHMOND BC V6X 4L7

Whereas the undersigned believes that you are:

- indebted or about to become indebted to;
- liable or about to become liable;
- about to advance monies to;
- about to make a payment on behalf of; or
- about to make a payment in respect of a negotiable instrument issued by,

NOVO TEXTILE COMPANY LTD.

of 10 KING EDWARD ST UNIT 105 COQUITLAM BC V3K 4S8

hereinafter referred to as the "debtor".

You are hereby required, by virtue of one or more of the Acts cited below, to pay to the commissioner on account of the debtor's liability in the amount of $53,517.66 either,

1. an amount sufficient to discharge the debtor's liability, or
2. the amounts for which you are or may become liable to the debtor or the monies that would otherwise be so advanced or paid to the debtor,

whichever is lesser.

This demand is in effect for 90 days or until satisfied in full, whichever is earlier.

Money required to be paid by you is payable:

- as soon as you are served with this demand, if you are indebted or liable to make a payment to the debtor at the time this demand is served, or
- as soon as you become indebted or liable to make a payment to the debtor, in any other case.

Failure to comply with this demand may result in you becoming liable to the Province of British Columbia. Forward payment to the Receivables Management Office, payable to the Minister of Finance. This Demand Notice has been executed under one or more of the following Acts:

Provincial Sales Tax Act, section 220, *Social Service Tax Act*, section 108, *Hotel Room Tax Act*, section 28, *Motor Fuel Tax Act*, section 57, *Tobacco Tax Act*, section 32, *International Financial Activity Act*, section 46, *Carbon Tax Act*, section 63, *Consumption Tax Rebate and Transition Act*, section 47, *Insurance Premium Tax Act*, section 25, *Logging Tax Act*, section 32, *Mineral Tax Act*, section 35, *Financial Administration Act*, section 83, *Income Tax Act, Section 200, Taxation (Rural Area) Act*, section 35, *Property Transfer Tax Act*, section 27, *Petroleum and Natural Gas Act*, sections 77 and 81, *Oil and Gas Activities Act*, section 47(3), *Employer Health Tax Act*, section 83, *Speculation and Vacancy Tax Act*, section 113, *Residential Property (Short-Term Holding) Profit Tax Act*, section 78.

BRITISH COLUMBIA

May 13, 2026

Business Number: 13538 9609 BT 0003
Account Number: EHT-1486-0730
Letter Id: L1469913760

BANQUE NATIONALE DU CANADA
5811 NO. 3 RD
RICHMOND BC V6X 4L7

When remitting your payment, detach and enclose the voucher below.

If remitting only a partial payment, make a copy of this voucher to submit with further remittances.

Keep the top portion for your records

BRITISH COLUMBIA | Ministry of Finance

Demand Payment Voucher
Employer Health Tax

NOVO TEXTILE COMPANY LTD.
105-10 KING EDWARD ST
COQUITLAM BC V3K 4S8

Statement No.: L1469913760
Statement Date: May 13, 2026

Account #: EHT-1486-0730

Payment Enclosed:

009905729602

This is Exhibit "**42**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

Rosodi, Harpreet

From: Jason Zanatta <jasonz@novoshield.ca>
Sent: October 1, 2025 5:42 PM
To: Billot, Grace; Rosodi, Harpreet
Subject: NBC payout statement request

****
PRUDENCE/CAUTION - EXTERNE/EXTERNAL
****

Hi Grace

As discussed with Harp & Devika, I have an investor group making a significant equity investment into Novo within the next 30 days that will clear our LOC to zero.

We are working to close the deal by October 31 and as such my lawyers asked that I request payout statement for both the LOC & the Equipment loan as part of our closing documents.

Please send them to as soon as possible, thank you!

Jason Zanatta, Novo Textiles
Novoshield PPE, Made in BC, Canada

This is Exhibit "**43**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug 2026.

A Commissioner for taking Affidavits within British Columbia

Lily Y. Zhang

From: Jason Zanatta <jasonz@novoshield.ca>
Sent: Tuesday, November 25, 2025 5:54 PM
To: Vaghadia, Devika <devika.vaghadia@nbc.ca>
Cc: Leslie Wong <lwong@cwilson.com>
Subject: Draft Share Purchase Agreement

****
PRUDENCE/CAUTION - EXTERNE/EXTERNAL
****

Hi Devika,

Apologies for the delay in getting this to you!

1. Investor Deal - Please note the attached is still being negotiated on a few remaining points, but we all feel we are very close to signing now.

2. Client Deposits - I'll provide the updated client deposit schedule to you tomorrow as well,

Truly thank you to you and NBC for all your support and patience!

Jason Zanatta
CEO | President
Novoshield PPE Made in BC, Canada
M- 604-812-9385
E- jasonz@novoshield.ca

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CONFIDENTIALITY: This document is intended solely for the individual or entity to whom it is addressed. The information contained in this document is legally privileged and confidential. If you are not the intended recipient or the person responsible for delivering it to the intended recipient, you are hereby advised that you are strictly prohibited from reading, using, copying or disseminating the contents of this document. Please inform the sender immediately and delete this document immediately.

SHARE PURCHASE AGREEMENT

THIS AGREEMENT made as of the _____ day of _____, 2025.

AMONG:

JASON ZANATTA,
AS TRUSTEE OF THE ZANATTA FAMILY TRUST,
of the City of Coquitlam, British Columbia,
(the "**Vendor**")

[CW Note: Jason is the sole trustee of the Trust. As discussed with and agreed by the Purchaser, Jason (in his personal capacity) is not a vendor/shareholder in connection with this transaction and will not be party to the SPA/SHA]

- and -

[SPIRITRX PURCHASING ENTITY],
[CW NOTE: AcquireCo can be incorporated immediately by way of a numbered company. Vendor cannot accept SpiritRX Services Corporation entering into the SPA for and on behalf of unincorporated entity, being the Purchaser. Purchaser must be incorporated prior to closing.]
a corporation incorporated under
the laws of British Columbia,
(hereinafter called the "**Purchaser**")

- and -

SPIRITRX SERVICES CORPORATION,
a corporation incorporated under
the laws of Manitoba,
(hereinafter called the "**Covenantor**")

WHEREAS the Vendor is the registered owner of all of the issued and outstanding shares of **NOVO TEXTILE COMPANY LTD.** (the "**Corporation**") as more particularly set out in Schedule 3.04 attached hereto;

AND WHEREAS the Vendor is desirous of selling to the Purchaser, and the Purchaser is willing and desirous to purchase, the Purchased Shares (as hereinafter defined), on the terms and conditions hereinafter set forth;

AND WHEREAS the Covenantor has joined in the making of this Agreement to the fullest extent of their corporate capacity for the purpose of agreeing to be bound by the terms of this Agreement and to guarantee the obligations of the Purchaser hereunder and to carry out and comply with the terms hereof; and

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration (the receipt of which is hereby acknowledged by the parties hereto), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.01 **Defined Terms.** For the purpose of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

(a) "Accounts Payable" means all trade and other accounts payable and other indebtedness and obligations to make payment relating exclusively to the Business at the Closing Date to the extent that such liabilities: **[CW NOTE: Under review by Vendor and their tax advisors]**

(i) were incurred in the ordinary course of business;

(ii) would be required by ASPE to be reflected on a balance sheet of the Corporation as current liabilities; and

(iii) are reflected on the Closing Financial Statements;

(b) "Accounts Receivable" means any and all *bona fide* accounts receivable not more than ninety (90) days old of the Corporation which are recorded as a receivable in the books and records of the Corporation, excepting any accounts receivable due from Affiliates; **[CW NOTE: Under review by Vendor and their tax advisors]**

(c) "Adjustment Notice Date" has the meaning set forth in Section 2.05(a);

(d) "Affiliate" means, with respect to any Person, (a) a director, officer, partner, member, manager, beneficiary or shareholder of such Person; (b) a spouse, parent, sibling or descendant of such Person (or spouse, parent, sibling or descendant of any director or executive officer of such Person); and (c) any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person;

(e) "Agreement" means this agreement and all schedules attached to this agreement, in each case as may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this agreement; and unless otherwise indicated, references to Articles and sections are to Articles and sections in this Agreement;

(f) "Ancillary Agreement" means any agreement entered into by, inter alia, the Purchaser or an Affiliate thereof, the Covenantor or an Affiliate thereof, the Vendor or an Affiliate thereof, or the Corporation or an Affiliate thereof, and delivered pursuant to the terms of this Agreement;

(g) "Applicable Law" means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transaction, event or other matter, including, without limitation, Environmental Laws, and Applicable Law shall also include, where appropriate, any interpretation of the Applicable Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation;

(h) "Arbitration Act" means the *Arbitration Act* (British Columbia);

(i) "Arbitration Rules" means, collectively, the rules under the Arbitration Act and the additional rules and procedures of arbitration set forth in ARTICLE 10;

(j) "Arbitrator" means the arbitrator to be appointed in accordance with Section 10.02;

(k) "ASPE" means the Canadian accounting standards for private enterprises as defined in the Chartered Professional Accountants of Canada Handbook - Accounting Part II, as applicable from time to time;

(l) "Benefit Plan" means each deferred compensation, bonus, incentive or other compensation, share option, purchase, severance, termination pay, hospitalization or other medical benefit, life or other insurance, vision, dental, drug, sick leave, disability, salary continuation, vacation, summer hours, supplemental unemployment benefits, profit sharing, mortgage assistance, pension or supplemental pension, retirement compensation, group registered retirement savings, deferred profits sharing, employee profit sharing, savings, retirement or supplemental retirement, and any other plan, fund, program, agreement, arrangement or scheme, whether funded or unfunded, formal or informal, written or unwritten, in each case, that is at any time sponsored or maintained or contributed to, or required to be sponsored or maintained or contributed to, by the Corporation and/or the Vendor in relation to the Corporation, or to which the Corporation and/or the Vendor makes or has made, or has or has had an obligation to make, contributions providing for employee benefits or for the remuneration, direct or indirect, of the Corporation, or to which the Corporation and/or the Vendor is a party relating to the Corporation, or bound by, or under which the Corporation and/or the Vendor has any liability, for the benefit of any of the current or former officers, directors, employees, consultants or independent contractors of the Corporation and/or any of their respective spouses, beneficiaries or dependents, other than under the *Workers' Compensation Act* (British Columbia).

(m) "Business" means, collectively, the personal protective equipment and medical mask manufacturing business carried on by the Corporation; **[CW NOTE: Corporation does not carry on and has not carried on any textile recycling business, whether in the past or present]**

(n) "Business Day" means any day except Saturdays, Sundays, any statutory holidays in the Province of British Columbia;

(o) "Cash" means all cash and cash equivalents, bank balances, moneys in possession of banks and other depositories, term or time deposits, letters of credit and similar cash items, held by or for the accounts of the Corporation as of the Closing Date. For clarity, Cash shall include cheques and drafts received but not yet deposited, by the Corporation as at the Effective Time;

(p) "Closing" means the completion of the purchase and sale of the Purchased Shares pursuant to this Agreement on the Closing Date;

(q) "Closing Date" means [November 21, 2025], or such other date as the parties may agree to in writing;

(r) "Closing Financial Statements" means the unaudited financial statements of the Corporation prepared on a "Review Engagement Report" basis in accordance with APSE and in a manner consistent with the Corporation's past practice for the fiscal period ended immediately prior to the Effective Time on the Closing Date, consisting of a balance sheet, an income statement and a statement of changes in financial position, together with the notes thereto;

(s) "Closing Time" means the time on the Closing Date when the Closing completes with effect as of the Effective Time, or any other time on the Closing Date as may be agreed by the Parties;

(t) "Confidential Communications" means, collectively:

(i) all privileged communications that arise out of and relate to the negotiation, documentation and consummation of this Agreement and the documents, agreements and instruments and the transactions contemplated herein between the Vendor and the Vendor's Counsel prior to and after Closing; and

(ii) all communications that arise out of and relate to the negotiation, documentation and consummation of this Agreement and the documents, agreement and instruments and the transactions contemplated herein (a) between the Vendor or (b) between the Vendor and their advisors at Generational Equity or MNP LLP prior to the Closing, and

(iii) all of the foregoing originating from or received at a Corporation email address or any other email address used by the Vendor in connection with the Business prior to or after the Closing;

(u) "Current Assets" means Cash held in the bank account(s) of the Company, Accounts Receivable, Taxes receivables, Inventory, prepaid expenses and deposits of the Corporation, calculated in accordance with ASPE and consistent with the Corporation's past practices;

(v) "Current Liabilities" means Accounts Payable and accrued liabilities, Taxes payable, salaries and wages payable, vacation payable by the Corporation,

calculated in accordance with ASPE and consistent with the Corporation's past practices; PROVIDED that Current Liabilities shall not include:**[CW NOTE: Under review by Vendor and their tax advisors]**

(i) 2024 Taxes Owing;

(ii) 2025 Taxes Owing;

(iii) NBC Indebtedness; and

(iv) any Indebtedness required to paid by the Vendor or the Vendor's Counsel from the Purchase Price pursuant to Section 2.04.

(w) "Data Processing System" has the meaning set forth in Section 3.21;

(x) "Dispute" has the meaning set forth in Section 10.01;

(y) "Draft Financials" has the meaning set forth in Section 2.05(a);

(z) "Effective Time" means 12:01 a.m. (Vancouver Time) on the Closing Date;

(aa) "Encumbrance" means any encumbrance, lien, charge, hypothec, pledge, mortgage, charge, title retention agreement, security interest of any nature, prior assignment, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, warrant, lease, sublease, right of possession, claim, right of pre-emption, privilege, restriction or any contract to create any of the foregoing, which affects, by way of conflicting ownership interest or otherwise, the right, title, or interest in or to any particular property, but specifically excludes any Permitted Encumbrances;

(bb) "Environment" means the environment or natural environment as defined in any Environmental Laws and includes air, surface water, ground water, land surface, soil, subsurface strata;

(cc) "Environmental Laws" means Applicable Laws relating to the protection of the Environment, and includes Applicable Laws relating to the storage, generation, use, handling, manufacture, processing, transportation, treatment, Release and disposal of Hazardous Substances;

[CW NOTE: Vendor will not accept any escrow holdback. These terms were never discussed nor agreed to.]

(dd) "Excluded Assets" means all of the assets listed on Schedule 2.06 to this Agreement, which shall be specifically excluded from the transactions contemplated herein and shall not form part of the purchase and sale contemplated herein;

(ee) "Final Calculation" has the meaning set forth in Section 2.05(a);

(ff) "Financial Statements" means: (i) the financial statements of the Corporation for the periods ended December 31, 2024, December 31, 2023, and December 31, 2022, as attached hereto as Schedule 3.11(a), prepared on a Review Engagement Report basis and in a manner consistent with the Corporation's past practice;

(gg) "Financial Statements Date" means December 31, 2024;

(hh) "Fundamental Representations" has the meaning set forth in Section 5.01(c);

(ii) "Governmental Entity" means any entity or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to Canadian federal, provincial, local or municipal government, foreign, international, multinational or other government, including any department, commission, board, agency, bureau, sub-division, instrumentality, official or other regulatory, administrative or judicial authority thereof, and any non-governmental regulatory body to the extent that the rules and regulations or orders of such body have the force of Applicable Law;

(jj) "Hazardous Substances" means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods in excess of that permitted by Environmental Laws;

(kk) "Indebtedness" of the Corporation means, without duplication: **[CW NOTE: Vendor and Vendor's tax advisor to review and comment]**

(i) all obligations of the Corporation for borrowed money or with respect to deposits or advances of any kind;

(ii) all obligations of the Corporation evidenced by bonds, debentures, notes or similar instruments;

(iii) all obligations of the Corporation upon which interest charges are customarily paid;

(iv) all obligations of the Corporation under conditional sale or other title retention agreements relating to property acquired by the Corporation;

(v) all obligations of the Corporation in respect of the deferred purchase price of property or services (excluding current accounts payable or Taxes payable incurred in the ordinary course of business);

(vi) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property owned or acquired by the Corporation, whether or not the Indebtedness secured thereby has been assumed;

(vii) all guarantees by the Corporation of Indebtedness of others;

(viii) all capital lease obligations of the Corporation;

(ix) all obligations, contingent or otherwise, of the Corporation as an account party in respect of letters of credit and letters of guarantee (other than letters of credit and letters of guarantee issued in support of current accounts payable incurred in the ordinary course of business);

(x) all obligations, contingent or otherwise, of the Corporation in respect of bankers' acceptances;

(xi) all obligations under any foreign exchange contract, currency swap agreement, foreign currency futures or options, exchange rate insurance or other similar agreement or combination thereof;

(xii) all obligations of the Corporation to purchase, redeem, retire, defease or otherwise acquire for value (other than for other equity securities) any equity securities of the Corporation, valued, in the case of redeemable equity securities, at the greater of voluntary or involuntary redemption price, plus accrued and unpaid dividends;

(xiii) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any Indebtedness of the types referred to above;

(xiv) NBC Indebtedness; and

(xv) 2024 Taxes Owing.

(ll) "Indemnity Claim" means a claim made by a party hereto based on or with respect to the inaccuracy or non-performance or non-fulfillment or breach of any representation, warranty or covenant made by the respective other party contained in this Agreement;

(mm) "Independent Accountant" has the meaning set forth in Section 2.05(a);

(nn) "Intellectual Property" means intellectual property rights, whether registered or not, owned, or used by the Vendor or the Corporation for use in or relating to the Business, including trademarks, trade names, logos, copyrights, domain names, and including those intellectual property rights listed in Schedule 3.20;

(oo) "Interim Calculation" has the meaning set forth in Section 2.05(a);

(pp) "Interim Financial Statements" means the internal financial statements prepared by the internal accounting team and management of the Corporation for the six-month period ending June 30, 2025, as attached hereto as Schedule 3.11(b);

(qq) "Inventory" means all non-obsolete inventory of stock-in-trade and merchandise including materials, supplies, work-in-progress, finished goods, and purchased

finished goods owned by the Corporation including those in possession of suppliers, customers and other third parties;

(rr) "Leased Premises" means all of the premises that are leased or occupied, or were previously leased or occupied, by the Corporation, as defined in Section 3.18 and as further described in Schedule 3.18 attached hereto;

(ss) "Licenses and Permits" means all of the licenses, permits, registrations and qualifications to do business held by the Corporation under Applicable Law;

(tt) "NBC" means National Bank of Canada;

(uu) "NBC Indebtedness" means all indebtedness for borrowed money and amounts owed by the Corporation to NBC, including without limitation with respect to a line of credit of the Corporation and any other indebtedness with NBC, as secured by NBC and as described in Schedule 1.01(uu);

(vv) "Objection Notice" has the meaning set forth in Section 2.05(a);

(ww) "Permitted Encumbrances" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any contract to create any of the foregoing that is listed on Schedule 1.01(ww) of this Agreement;

(xx) "Person" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or Governmental Entity however designated or constituted;

(yy) "Personal Information" means any information obtained by or in the possession of the Corporation about an identifiable individual, as defined in relevant Applicable Laws;

(zz) "Personal Property" means machinery, equipment, electrical devices, antennae, cables, furniture, furnishings, office equipment, computer hardware, supplies, materials, inventory, vehicles, tools and spare parts and other tangible assets;

(aaa) "Premises Leases" has the meaning ascribed thereto in Section 3.18;

(bbb) "Purchase Price" means the aggregate purchase price for the Purchased Shares, as set out in Section 2.02 below and as adjusted pursuant to the terms of this Agreement;

(ccc) "Purchased Shares" means sixty-four (64%) percent of the issued and outstanding shares in the capital of the Corporation owned by the Vendor, as set out in Schedule 3.04 attached hereto;

(ddd) "Purchaser's Counsel" means Thompson Dorfman Sweatman LLP;

(eee) "Related Party" means any Person who does not deal at arms' length with any other Person, where the question of whether Persons are not dealing with each other at arm's length will be determined in accordance with the applicable provisions of the Tax Act;

(fff) "Release" has the meaning prescribed in any Environmental Law and includes any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of Hazardous Substances;

(ggg) "Subsidiary" shall mean a corporation, company or other entity (i) if a share capital corporation, more than fifty per cent (50%) of whose outstanding shares or securities representing the right to vote for the election of directors or other managing authority are; or (ii) if otherwise (as may be the case in a partnership, joint venture or unincorporated association), more than fifty per cent (50%) of the ownership interest representing the right to make the decisions for such corporation, company or other entity is; now or hereafter, owned or controlled, directly or indirectly, as the case may be, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists;

(hhh) "Tax Act" means the *Income Tax Act* (Canada), as amended from time to time;

(iii) "Taxes" or "Taxes and Governmental Charges" means, with respect to any Person, all taxes, fees, customs duties, rates, levies, assessments, reassessments and other charges, including income taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, government pension plan premiums and contributions, social security premiums, workers' compensation premiums, employment/unemployment insurance or compensation premiums and contributions, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Entity and any instalments in respect thereof, together with any tax indemnity obligation, interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties, and whether disputed or not, and "Tax" means any one of such Taxes;

(jjj) "Tax Returns" means all returns, reports, declarations, elections, notices, filings, information returns, and statements in respect of Taxes that are filed or required to be filed with any applicable Governmental Entity, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form;

(kkk) "Third Party Liability" has the meaning set forth in Section 7.06(b);

(lll) "Vendor's Counsel" means Clark Wilson LLP;

(mmm)"Working Capital Closing Amount" means, as of the Effective Time on the Closing Date: (A) the sum of the Current Assets, minus (B) the sum of the Current Liabilities, calculated in accordance with ASPE and consistent with the Corporation's past practices and consistent with the manner illustrated in the sample calculation attached hereto as Schedule 1.01(mmm);

(nnn) "Working Capital Adjustment" has the meaning set forth in Section 2.05;

(ooo) "Working Capital Adjustment Date" has the meaning set forth in Section 2.05(a);

(ppp) "Working Capital Target" means **[$2,500,000]**;

(qqq) "2024 Taxes Owing" means: **[CW NOTE: Vendor and their tax advisor to review]**

(i) the corporate income taxes owing by the Corporation for the 2024 fiscal year;

(ii) the remaining GST owing by the Corporation, approximately in the amount of $800,000;

(rrr) "2025 Taxes Owing" any and all of the Taxes owing by the Corporation to the Effective Time. **[CW NOTE: Vendor and their tax advisor to review]**

1.02 **Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in Canadian funds.

1.03 **Sections and Headings.** The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to a section or a Schedule refers to the specified section of or Schedule to this Agreement.

1.04 **Construction.** The parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

1.05 **Number, Gender, Persons, Interpretation.** In this Agreement, (i) words importing the singular number only shall include the plural and vice versa; (ii) words importing gender shall include all genders; (iii) the definitions herein shall apply equally to both the singular and plural forms of the terms defined; (iv) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms; and (v) the words "include", "includes", and "including" shall be deemed to be followed by the phrase "without limitation".

1.06 **Knowledge.** Any reference herein to "the best of knowledge" or "knowledge" of a party will be deemed to mean the actual knowledge of the party.

1.07 **Schedules and Exhibits.** The following schedules and exhibits are to be attached hereto and are incorporated into and form part of this Agreement. For certainty, any fact or item disclosed on any Schedule will be deemed to have been disclosed on those other Schedules for which it is reasonably apparent on the face of such disclosure that such disclosure has applicability to such other Schedules notwithstanding the omission of a cross-reference to such other Schedule.

Schedule	Description
1.01(uu)	NBC Indebtedness
1.01(ww)	Permitted Encumbrances
1.01(mmm)	Sample Working Capital Calculation
2.06	Excluded Assets
3.02	Corporate Names and Acquired Businesses
3.04	Authorized and Issued Capital; Purchased Shares
3.05	No Other Agreements to Purchase
3.11(a)	Financial Statements
3.11(b)	Interim Financial Statements
3.13	Exceptions to Absence of Changes
3.14	Dividends and Distributions
3.15	Material Contracts
3.17	Personal Property
3.18	Premises Leases
3.19	Bank Accounts
3.20	Intellectual Property
3.21	Data Processing System
3.22	Insurance
3.23	Guarantees
3.24	Taxes and Governmental Charges
3.25	Non-Arms' Length Transactions
3.26	Employees and Employee Matters
3.27	Benefit Plans
3.28	Worker's Compensation
3.29	Litigation
3.31	Partnerships and Ventures
3.32	Customers and Suppliers
3.34	Licenses and Permits
3.36	Consents
3.37	Exceptions to Compliance with Laws
8.02(a)(vi)	Employment Agreement
8.02(a)(vii)	Shareholders' Agreement
8.02(a)(viii)	Amended and Restated Lease Agreement

ARTICLE 2
PURCHASE AND SALE OF THE PURCHASED SHARES

2.01 **Purchase and Sale of Purchased Shares.** Subject to the terms of this Agreement, the Vendor hereby agree to sell, assign, and transfer to the Purchaser and the Purchaser hereby agrees to purchase from the Vendor, on the Closing Date but effective as of the Effective Time, the Purchased Shares for the Purchase Price set out in Section 2.02 below, which Purchase Price shall be allocated among the Purchased Shares in the manner set out in Section 2.02. Notwithstanding the Closing Time on the Closing Date, the effective time of the transactions provided herein shall be the Effective Time on the Closing Date.

2.02 **Purchase Price.** The Purchase Price payable by the Purchaser to the Vendor for the Purchased Shares shall be the aggregate amount of Eight Million Nine Hundred Sixty Thousand ($8,960,000.00) Dollars, subject to the adjustments set out in this Agreement (as adjusted, the "**Purchase Price**").

2.03 **Purchase Price Payment.**

The Purchaser will pay and satisfy, and the Covenantor will guarantee payment of, the Purchase Price, subject to adjustments as set forth in Section 2.05, by wire transfer of immediately available funds or direct deposit of a solicitor's trust cheque to the Vendor's Counsel, in trust, on the Closing Date.

2.04 **Payment of Indebtedness with Purchase Price.** On Closing, the Vendor or the Vendor's Counsel shall, on behalf of the Vendor, use the Purchase Price proceeds and attend to the payment in full of the following Indebtedness and provide evidence of same to the Purchaser's Counsel and cause the release of any security registered against the Corporation in connection therewith, in accordance with the undertakings settled in connection with the Closing:

(a) NBC Indebtedness; and

(b) 2024 Taxes Owing.

For greater certainty, the Corporation is fully responsible for 100% of the 2025 Taxes Owing.

2.05 **Working Capital Adjustment.** Following completion of the Closing, the Purchase Price shall be adjusted upward or downward by an amount equal to the amount by which the Working Capital of the Corporation, calculated as at the Effective Time based on the Closing Financial Statements, is greater or lesser than the Working Capital Target (the "Working Capital Adjustment"), subject to the following provisions:

(a) As soon as reasonably possible, and in any event no later than one hundred and twenty (120) days following the Closing Date (the "Adjustment Notice Date"), the Vendor, at the cost of the Corporation, shall deliver the draft Closing Financial Statements and draft corporate income tax returns (in form and content suitable for filing with Canada Revenue Agency upon verification thereof) prepared by the

Corporation's chartered professional accountants, at the Corporation's sole expense, for the fiscal period ending immediately prior to the Closing Date (the "Draft Financials"), together with a detailed draft calculation of the Working Capital Adjustment (the "Interim Calculation"). The Purchaser and the Purchaser's chartered professional accountants shall be entitled to confirm the accuracy of the Draft Financials and the Working Capital Calculation within the thirty (30) days following the Adjustment Notice Date (the "Working Capital Adjustment Date"). During such thirty (30) day period, the Purchaser shall be entitled to deliver to the Vendor a notice of objection (the "Objection Notice") setting out in writing and in reasonable detail the basis for the objection. If the Purchaser delivers an Objection Notice to the Vendor, then the Vendor and the Purchaser, and their respective chartered professional accountants and advisors, shall consult with each other in good faith with respect to the objection. The resulting agreed upon Closing Financial Statements and final calculation of the Working Capital Adjustment based thereon (the "Final Calculation") will be final and binding on the parties. For clarity, in the event no Objection Notice is given by the Purchaser on or prior to the Working Capital Adjustment Date, the Draft Financials and the Interim Calculation shall form the Closing Financial Statements and Final Calculation for the purposes of this Agreement. In the event the parties are unable to reach an agreement on the Closing Financial Statements and the Final Calculation on or before the Working Capital Adjustment Date, then any amounts not in dispute shall be released to the Vendor or the Purchaser, as applicable, and the dispute shall be referred to such qualified independent accountant and/or certified business valuator as may be mutually agreed upon (the "Independent Accountant"), whose determination will be final and binding. If the parties are unable to agree upon an Independent Accountant, they shall apply to the British Columbia Supreme Court to have one appointed for them. The fees and expenses of the Independent Accountant shall be borne equally by the Purchaser and the Vendor.

(b) During the period from the Closing Date until the Adjustment Notice Date, the Purchaser will, and will cause the Corporation to give the Vendor and their authorized agents and representatives such assistance and access to the books and records of the Corporation as the Vendor and such agents and representatives may reasonably request in order to enable the Corporation's chartered professional accountants to complete the Draft Financials and the Interim Calculation.

(c) To the extent there is any increase or decrease to the Purchase Price as a result of the Working Capital Adjustment reflected in the Final Calculation after giving effect to this Section 2.03:

(i) in the event that the Working Capital Adjustment as reflected in the Final Calculation is a positive amount (i.e. the Working Capital exceeds the Working Capital Target), then the aggregate Purchase Price payable hereunder shall be increased by sixty-four (64%) percent of such amount, such increase to be deemed effective as of the Effective Time on the Closing Date; or

(ii) in the event that the Working Capital Adjustment as reflected in the Final Calculation is a negative amount (i.e. the Working Capital is less than the Working Capital Target), then the aggregate Purchase Price payable hereunder shall be decreased by sixty-four (64%) percent of such amount, such decrease to be deemed effective as of the Effective Time on the Closing Date.

The amount of the Working Capital Adjustment shall be paid to the party it is owed by wire transfer, bank draft or solicitor's trust cheque within ten (10) days of final determination of the Final Calculation.

2.06 **Excluded Assets.** The Excluded Assets listed on Schedule 2.06, including the Confidential Communications, are specifically excluded from the purchase and sale contemplated herein and will be removed from the Corporation prior to Closing and will not form assets of the Corporation on the Closing Date. All costs and liabilities in connection with the transfer of the Excluded Assets shall be borne by the Vendor. If the Vendor wishes to remove any other assets from the Corporation prior to the Closing Date in addition to the Excluded Assets, prior written approval of the Purchaser will be required, which approval will not be arbitrarily or unreasonably withheld.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser and acknowledges that the Purchaser is relying on all of the following representations and warranties that, as at the Closing Date:

3.01 **Vendor Organization; Capacity.** The Vendor is established and validly subsisting under the laws of British Columbia and has the necessary power and authority to enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party and to consummate all transactions contemplated hereby and thereby.

3.02 **Incorporation and Organization.** The Corporation is incorporated and organized and validly subsisting under the laws of British Columbia and has the necessary power and authority and is qualified to own, lease and dispose of its properties and assets and to carry on the Business. The Corporation is a "private company", as defined in the *Securities Act* (British Columbia). No act or proceeding has been taken by or against the shareholders of the Corporation in connection with the dissolution, liquidation, winding-up, bankruptcy or reorganization of the Corporation. In the past five (5) years, except as disclosed in Schedule 3.02, the Corporation has not operated under any name other than its applicable corporate name. Except as disclosed in Schedule 3.02, the Corporation has not acquired any business or changed its principal place of business in the five (5) year period ended on the Closing.

3.03 **Qualification.** The Corporation is registered and qualified to carry on the Business, is up-to-date in the filing of its annual reports with the British Columbia corporate registry and is in good standing in the Province of British Columbia, being the only jurisdiction in which the Corporation conducts the Business and the only jurisdiction in which the Corporation owns or leases property or assets.

3.04 **Authorized and Issued Capital.** The authorized capital of the Corporation is as set forth in Part I of Schedule 3.04 attached hereto, of which the only shares which are duly issued and are outstanding as fully paid and non-assessable shares are as set forth in Part II of Schedule 3.04 attached hereto. No other shares or other securities of the Corporation have been issued in violation of any laws, the articles or other constating documents of the Corporation or the terms of any shareholders' agreement or any agreement to which the Corporation is a party or by which it is bound.

3.05 **No Other Agreements to Purchase.** Except for the Purchaser pursuant to this Agreement, no Person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of, or conversion into, any of the issued or unissued shares in the capital of the Corporation and, in particular, the Purchased Shares, and no Person has any right or may become entitled to any right relating to voting and dividend rights or to the transferability of the Purchased Shares. Except as disclosed in Schedule 3.05 of this Agreement, the Corporation and its shareholders have not entered into a shareholders' agreement.

3.06 **Power to Sell.** The Vendor is the sole registered and legal owner of the Purchased Shares with good and marketable title thereto, free and clear of any and all Encumbrances other than the Permitted Encumbrances. The Vendor has full legal right, power and authority to sell, assign and transfer the Purchased Shares owned by the Vendor to the Purchaser free and clear of any Encumbrances other than the Permitted Encumbrances. Neither this Agreement nor the sale of the Purchased Shares under the articles of the Corporation. Subject to the provisions of the constating documents of the Corporation, there are no agreements or restrictions on the transferability of the Purchased Shares (or any of the issued and unissued shares of the Corporation or any voting rights attaching to such shares).

3.07 **No Violation or Conflict.** The execution and delivery of this Agreement by the Vendor and the consummation of the transactions herein provided for do not result in the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligation of:

(a) any contract, license or permit, to which the Vendor is a party;

(b) any trust declaration or agreement to which the Vendor is bound;

(c) any judgment, decree, order or award of any court, Governmental Entity or arbitrator issued in respect of the Vendor; or

(d) to the Vendor's knowledge, any law, statute, ordinance, regulation or rule applicable to the Vendor.

Except as disclosed in Schedule 3.36, no consent or approval of any Person is required and no notice is required to be delivered to any Person in connection with the execution and delivery of this Agreement and the completion of the transactions contemplated by this

Agreement or to permit the Corporation to carry on the Business after the Closing as the Business is currently carried on by the Corporation.

3.08 **Due Execution; Enforceability.** This Agreement has been duly executed and delivered by the Vendor and is a legal, valid and binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms, except to the extent:

(a) enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally; and,

(b) that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

The Vendor is not an "insolvent person" within the meaning of the *Bankruptcy and Insolvency Act* (Canada).

3.09 **Corporate Records.** The share certificates, central securities register and register of directors of the Corporation contained in the minute books of the Corporation, which have been made available to the Purchaser, are complete and accurate. The constating documents, including all amendments thereto, and the minutes and resolutions of shareholders and directors contained in the minute books of the Corporation, are complete and accurate.

3.10 **Subsidiaries.** The Corporation does not own, in whole or in part, directly or indirectly, any Subsidiaries, and it does not own any securities issued by, or any equity or ownership interest in, any other Person and is not subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Person, except as otherwise set forth in this Agreement.

3.11 **Financial Statements.** The Financial Statements have been prepared in accordance with ASPE and consistent with past practices of the Corporation. The Interim Financial Statements have been internally prepared by the management of the Corporation. The Financial Statements are true, correct and complete in all material respects and present fairly, completely and accurately the financial position of the Corporation and the results of its operations as of the dates and through the periods indicated. All material financial transactions of the Corporation have been recorded in the financial books and records of the Corporation in accordance with typical industry-standard business practices.

3.12 **Liabilities and Indebtedness.** There are no liabilities, obligations, indebtedness or other commitments (contingent or otherwise) of the Corporation of any kind whatsoever, and there is no basis for assertion against any of the Corporation of any liabilities, obligations, indebtedness or other commitments of any kind, other than:

(a) liabilities disclosed or reflected in or provided for in the Financial Statements;

(b) liabilities incurred since the Financial Statements Date which were incurred in the ordinary course of the routine daily affairs of the Business and, in the aggregate, are not materially adverse to the Business; and

(c) other liabilities specifically disclosed in this Agreement or in the Schedules attached hereto.

Except as disclosed in the Financial Statements, the Corporation does not have any bonds, debentures, promissory notes, mortgages or other indebtedness maturing more than one (1) year after the date of their creation or issuance, and the Corporation is not under any obligation to create or issue any bonds, debentures, promissory notes, mortgages or other indebtedness maturing more than one (1) year after the date of their creation or issuance.

3.13 **Absence of Change.** Since the Financial Statements Date, the Corporation has not, except as otherwise disclosed herein or in Schedule 3.13 attached hereto:

(a) incurred any obligation or liability (fixed or contingent), except normal trade or business obligations incurred in the ordinary course of its Business, none of which is materially adverse to the Business;

(b) paid or satisfied any obligation or liability (fixed or contingent), except:

(i) current liabilities incurred since the Financial Statements Date in the ordinary course of its Business; and

(ii) scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in this Agreement or in the Schedules hereto;

(c) mortgaged, pledged, granted a security interest in or otherwise created any Encumbrance on or over any of its properties or assets, except in the normal course of its Business and in amounts which, individually and in the aggregate are not material to the financial condition of the Corporation or operation of its Business;

(d) sold, assigned, transferred, leased or otherwise disposed of any of its properties or assets, except in the ordinary course of its Business;

(e) purchased, leased or otherwise acquired any properties or assets, except in the ordinary course of its Business;

(f) waived, cancelled or written off any rights, claims, receivables or any amounts payable to the Corporation, except in the ordinary course of its Business;

(g) entered into any transaction, contract, agreement or commitment, except in the ordinary course of its Business;

(h) terminated, discontinued, closed or disposed of any part of its Business operations;

(i) suffered any damage, destruction or loss (whether or not covered by insurance) which has materially adversely affected or could materially adversely affect the Corporation, its Business or condition;

(j) increased any form of compensation or other benefits payable or to become payable to any of its employees, other than in the ordinary course of its Business where set out in writing, evidence of which has been provided to the Purchaser;

(k) suffered any extraordinary loss relating to its Business;

(l) amended its constating documents;

(m) issued or sold any shares or other securities or issued, sold or granted any option, warranty or right to purchase any shares or other securities; or

(n) authorized, agreed or otherwise become committed to do any of the foregoing.

3.14 **Dividends and Distributions.** Since the Financial Statements Date, the Corporation has not declared or paid any dividend or made any other distribution on any of its respective shares of any class, or redeemed or purchased or otherwise acquired any of its shares of any class, or reduced its authorized capital or issued capital, or agreed to any of the foregoing, except as disclosed in Schedule 3.14.

3.15 **Material Contracts.** Schedule 3.15 attached hereto lists or describes each agreement, arrangement and commitment (whether oral or written) to which the Corporation is bound or by which any of their respective assets or Business is affected, which involves or may reasonably be expected to involve a payment to or by the Corporation of One Hundred Thousand ($100,000.00) Dollars or more or which is otherwise material to the operation of the Business. The Vendor have provided the Purchaser with a true and complete copy of each Material Contract listed in Schedule 3.15, including all amendments thereto. The Corporation is not currently renegotiating the terms of any Material Contract. The Corporation is not in default or breach of its obligations under any one or more contracts, agreements (written or oral), commitments, indentures or other instrument to which it is a party or by which it may be bound, and there exists no state of facts which, after notice or lapse of time, or both, would constitute such a default or breach thereof.

3.16 **Inventory.** The Inventory of the Corporation set forth in the Financial Statements was properly stated therein at the lesser of cost or fair market value determined in accordance with ASPE consistently applied in accordance with past practices. All such Inventory is owned free and clear of all Encumbrances. All of the Inventory recorded on the Financial Statements, and to be recorded on the Closing Financial Statements, consist of items of a good and merchantable quality usable or saleable in the normal course of business consistent with past practices and are in quantities sufficient for the normal operation of the Business in accordance with past practice and at the rate of production and sales currently projected by the Corporation, including packaging, raw materials, work in progress and finished products. The Corporation has not received written or oral notice that it will experience in the foreseeable future any difficulty in obtaining, in the quantity and quality needed and at prevailing market prices, terms and conditions, the raw materials, supplies or component products, required for the production and sale of the Corporation's products in the ordinary course of business consistent with past practice. The values at which inventories are stated in the Financial Statements reflect the inventory valuation

policy of the Corporation, which is in accordance with ASPE consistently applied in accordance with past practices. No previously sold Inventory is subject to returns in excess of those historically experienced by the Corporation.

3.17 **Ownership of Assets.** The Corporation owns, possesses and has a good and marketable title, free and clear of all Encumbrances whatsoever, to all the properties and assets used in connection with the Business, including without limitation, all properties and assets reflected in the Financial Statements, and all properties and assets acquired by the Corporation after the Financial Statements Date, free and clear of all Encumbrances whatsoever, except for:

(a) the Permitted Encumbrances;

(b) the properties and assets disposed of, utilized or consumed by the Corporation since the Financial Statements Date in the ordinary course of the Business;

(c) any assets, property, or equipment leased by the Corporation;

(d) liens for taxes not yet due and payable; and

(e) as of the Closing Date, the Excluded Assets.

No other Person owns any assets, including without limitation, all Personal Property, which are being used in the Business, except for the Leased Premises. All of the Personal Property of the Corporation, a complete list as of July 21, 2025 which is attached hereto as Schedule 3.17, is in good operating condition, subject to ordinary wear and tear, and is located on the Leased Premises.

3.18 **Premises Leases.** The Corporation does not own or lease and has not agreed to acquire or lease any real property or interest in real property other than the Leased Premises under the Premises Lease. The Premises Lease is in full force and effect, unamended by oral or written agreement, and the Corporation is entitled to the full benefit and advantage of the Premises Lease in accordance with the terms thereof. The Premises Lease is in good standing and there has not been any unremedied material default by the Corporation under the Premises Lease nor is there any dispute between the Corporation and the landlord under such Premises Lease. The Premises Lease has not been assigned by the Corporation in favour of any Person. To the Vendor's knowledge, the use of the Leased Premises by the Corporation, past and present, is and has at all times been in material compliance with Applicable Law including, without limitation, Environmental Laws. Except to the extent set out in Schedule 3.18 attached hereto, no consent is required from any landlord or other Person with respect to the Leased Premises in order to complete the purchase under this Agreement.

3.19 **Bank Accounts and Powers of Attorney.** The only bank, trust company or similar institutions in which the Corporation has accounts or safe deposit boxes is/are as listed in Schedule 3.19 attached hereto, which includes a listing of the name and bank account numbers for each such account and the names of all individuals authorized to draw on the

accounts or who have access to the safety deposit boxes. The Corporation has not granted any Person a power of attorney.

3.20 **Intellectual Property.** Schedule 3.20 contains a complete and accurate list of all Intellectual Property owned ("Corporation's Owned Intellectual Property") or licensed by the Corporation ("Corporation's Licensed Intellectual Property"), and the Corporation is the first and only owner of the Corporation's Owned Intellectual Property and is entitled to the exclusive and uninterrupted use of the Corporation's Owned Intellectual Property without payment of any royalty or other fees. Except as disclosed in Schedule 3.20, there are no registrations or applications for registration of the Corporation's Owned Intellectual Property. To the Vendor's knowledge, the conduct by the Corporation of the Business does not infringe upon any intellectual property or other proprietary rights of any other Person. Except as set forth in Schedule 3.20, no claims have been asserted or to the Vendor's knowledge, are threatened by any Person alleging that the conduct of the Business, including use of the Corporation's Owned Intellectual Property infringes upon any of their intellectual property rights. To the Vendor's knowledge, there are no valid grounds for any such *bona fide* claims by any such Persons alleging a conflict with or infringement of their intellectual property rights. The Corporation's Intellectual Property constitutes all Intellectual Property necessary for the conduct by the Corporation of the Business as presently conducted. To the Vendor's knowledge, no Person is currently infringing any of the Corporation's Owned Intellectual Property.

3.21 **Data Processing.** Schedule 3.21 attached hereto sets out:

(a) a brief description of the data processing system utilized by the Corporation (the "Data Processing System"); and

(b) a list of all agreements including warranties, leases and licenses relating to the Data Processing System.

The Data Processing System adequately meets the data processing needs of the Business and operations of the Corporation as presently conducted. The Corporation has taken appropriate action by instruction, agreement or otherwise with its employees or other persons permitted access to system application programs and data files used in the Data Processing System to protect against unauthorized access, use, copying, modification, theft and destruction of such programs and files. In the past five (5) years, to the Vendor's knowledge, the Corporation's software systems have not been the subject of a cyber attack that has resulted in the loss or disclosure of any of its customer information or financial information. The data processing and data storage facilities of the Corporation are adequate and properly protected. The Corporation has arranged for back-up data processing services adequate to meet its data processing needs in the event the Data Processing System or any of its components is rendered temporarily or permanently inoperative as a result of a natural or other disaster.

3.22 **Insurance.** Particulars of the insurance policies maintained by the Corporation are set out in Schedule 3.22 attached hereto. All of the assets of the Corporation are covered by fire and other insurance with responsible insurers against such risks and in such amounts as are

commercially reasonable for owners of comparable assets, and as of the date hereof, the Corporation is not in default with respect to any of the material provisions contained in any such insurance policy or has failed to give any notice or present any material claim under any such insurance policy in a due and timely fashion, and none of the Vendor nor the Corporation have received notice from any insurer denying any claim. The Vendor has provided the Purchaser with a true copy of each of the insurance policy(s) referred to in Schedule 3.22, including all amendments and renewals.

3.23 **Guarantees.** Except as referred to in Schedule 3.23, the Corporation is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Person.

3.24 **Taxes.** Except as disclosed in Schedule 3.24:

(a) the Corporation has prepared and filed with all appropriate Governmental Entities, all tax returns, declarations, remittances, information returns, reports and other documents required to be filed in respect of all Taxes and Governmental Charges or in respect of any other provision in any domestic or foreign, federal, provincial, state, municipal, local, territorial or other taxing statute for all fiscal periods ending prior to the date hereof;

(b) the Corporation has paid in full all Taxes and Governmental Charges arising on or before the Closing Date;

(c) the Corporation does not have any liability for Taxes and Governmental Charges other than those to be provided for in the Financial Statements and those arising in the ordinary course of the operation of the Business since the Financial Statements Date;

(d) Canadian federal and provincial income tax assessments have been issued covering all past periods up to and including the fiscal year ended December 31, 2024 in respect of the Corporation, and there are no actions, suits or other proceedings, investigations, enquiries or claims now threatened or pending against the Corporation in respect of Taxes and Governmental Charges, there are no reassessments of the Corporation's Taxes and Governmental Charges that have been issued and are outstanding and there are no outstanding issues which have been raised and communicated to the Corporation by any Governmental Entity for any taxation year in respect of which a tax return of the Corporation has been audited. The Corporation is not subject to any outstanding, pending or otherwise unresolved challenge or dispute by any Governmental Entity in respect of Taxes and Governmental Charges or of any returns, filings or other reports filed under any statute providing for Taxes and Governmental Charges. The Corporation is not negotiating any draft assessment or reassessment with any Governmental Entity, and the Vendor is not aware of any contingent liabilities for Taxes and Governmental Charges or any grounds for an assessment or reassessment with any Governmental Entity, or any contingent liabilities for Taxes and Governmental

Charges, any grounds for an assessment or reassessment of the Corporation, including, without limitation, unreported benefits conferred on any shareholder of the Corporation, or incorrect treatment of income, expenses, credits or other claims for deduction under any return or notice other than as disclosed and provided for in the Financial Statements. Neither the Corporation nor the Vendor have received any indication from any Governmental Entity that an assessment or reassessment of the Corporation is proposed in respect of any Taxes and Governmental Charges, regardless of its merits; and

(e) the Corporation has withheld from each amount paid or credited to any Person the amount of Taxes and Governmental Charges required to be withheld therefrom and has remitted such Taxes and Governmental Charges to the proper tax or other receiving authorities within the time required under applicable legislation. The Corporation has remitted all Canada Pension Plan contributions, provincial pension plan contributions, unemployment and employment insurance premiums, employer health taxes and other Taxes and Governmental Charges payable by it in respect of its employees, if any, and has remitted such amounts to the proper Governmental Entity within the time required under the applicable legislation. The Corporation has charged, collected and remitted on a timely basis all Taxes and Governmental Charges as required under applicable legislation on any sale, supply or delivery whatsoever, made by the Corporation.

3.25 **Non-Arm's Length Transactions.**

(a) Except for amounts owing pursuant to the Employment Contracts as disclosed in Schedule 3.26 attached hereto, or as otherwise disclosed in Schedule 3.25 attached hereto, the Corporation is not a party to or bound by any agreement with, is indebted to, and no amount is owing to it by the Vendor. Since the Financial Statements Date, the Corporation has not made any payment or loan to the Vendor or any Related Party to the Vendor except for salaries and other employment compensation payable to the Vendor in the ordinary course of the routine daily affairs of the Business and at the regular rates payable to them.

(b) Except as disclosed in Schedule 3.25, the Corporation does not have any outstanding agreements with any Related Party to the Vendor or any Affiliate of a Vendor and no Related Party to the Vendor or any Affiliate of a Vendor is a customer or supplier to the Corporation.

(c) Except as disclosed in Schedule 3.25, no director, officer or shareholder of the Corporation and no Related Party to any such director, officer or shareholder: (i) owns, directly or indirectly, any interest in, or is a director, officer, employee of or consultant to, any Person which is, or is engaged in a business which is a competitor of the Corporation; or (ii) owns, directly or indirectly, in whole or in part, any interest in assets that the Corporation uses in the conduct of the Business; or (c) has any cause of action or other claim whatsoever against, or owes any amount to the Corporation.

3.26 **Employees.**

(a) Schedule 3.26 attached hereto contains a complete list of all of the employees of the Corporation as of the date of this Agreement setting forth their names, position, status, length of service, compensation and benefits.

(b) All vacation, holiday, sick-leave and overtime pay due and payable to the employees of the Corporation has been accrued in the ordinary course of Business and has been properly recorded and accrued in the books and records of the Corporation as accrued liabilities.

(c) Except as set out on Schedule 3.26, the Corporation is not a party to or bound by any contracts or requirements of Applicable Law in respect of any employee or former employee. No employee of the Corporation is employed under a verbal or written agreement for a specified term or on terms restricting the right of the Corporation to terminate the employment of such employee, except for those employees who are employed on an indefinite term basis for whom reasonable notice of termination, in the absence of cause, is required by Applicable Law.

(d) To the Vendor's knowledge, the Corporation has in all material respects operated in compliance with all Applicable Laws relating to the employment of its employees, including labour standards, labour relations, occupational health and safety, human rights, workers' compensation, pay equity, employment equity and employee privacy laws, and there are no outstanding actions or claims against the Corporation and, to the knowledge of the Vendor, no pending or threatened actions or claims against the Corporation and nothing has occurred which might lead to an action or claim against the Corporation under any such Applicable Laws.

(e) The Corporation is not a party to any collective bargaining agreement, nor is the Corporation currently engaged in any labour negotiation or any unfair labour practice, and to the best of the knowledge of the Vendor, the Corporation is not the subject of any current unionization effort.

3.27 **Pension and Benefit Plans.**

(a) The Benefit Plans set out in Schedule 3.27 hereto are the only plans, programs or policies relating to the employees, former employees or the Business to which the Corporation is a party or by which any is bound or under which the Corporation has any liability. The Corporation does not have and are not subject to any pension plan.

(b) True and complete copies of all written Benefit Plans and summaries of all oral Benefit Plans have been provided to the Purchaser together with current, true, correct and complete copies of the following documents related thereto: (i) current and complete copies of all booklets, summaries or other written communications of a general nature distributed to the employees concerning any Benefit Plans; and (ii) trust agreements, funding agreements, participation agreements and any insurance agreements related thereto.

(c) All employer and employee contributions and other acts required to have been made or done by the Corporation pursuant to any Benefit Plan or Applicable Law have been made within the prescribed time periods and there are no outstanding defaults or violations thereunder by the Corporation, and the Vendor has no knowledge of any default or violation by any party to any Benefit Plan.

(d) There is no claim (other than routine claims for payment of benefits) pending or threatened involving any Benefit Plan, nor to the knowledge of the Vendor do any facts exist which could reasonably be expected to give rise to a claim (other than routine claims for benefits) from any applicable Governmental Entity or any other Person.

(e) Except as disclosed in Schedule 3.27 hereto, the Corporation has not been in breach of any fiduciary obligation with respect to the administration of the Benefit Plans or funds related thereto.

(f) There have been no improvements, increases or changes to, or promised improvements, increases or changes to, the benefits provided under any Benefit Plan that are not disclosed in the material delivered or made available to the Purchaser.

(g) There are no unfunded liabilities (actuarial or otherwise), past service unfunded liabilities or solvency deficiencies respecting any of the Benefit Plans.

(h) The consummation of the transactions contemplated by this Agreement does not, to the Vendor's knowledge, accelerate the time of payment or vesting under the Benefit Plans or increase any benefits otherwise payable under a Benefit Plan.

(i) Except as disclosed in Schedule 3.27, no Benefit Plan provides benefits, including, without limitation, death or medical benefits (whether or not insured), with respect to employees or former employees of the Corporation beyond their retirement or other termination of service, other than coverage mandated by Applicable Law.

3.28 **Worker's Compensation.** Except as disclosed in Schedule 3.28, the Corporation is in good standing under the *Workers' Compensation Act* (British Columbia) and has made all required payments to the Workers' Compensation Board of B.C. (WorkSafeBC), and there are no outstanding investigations under the *Workers' Compensation Act* (British Columbia) against the Corporation or, to the Vendor's knowledge, no complaints filed with the Workers' Compensation Board of B.C. (WorkSafeBC).

3.29 **Litigation.** Except as set out in Schedule 3.29, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure; investigation or inquiry by any Governmental Entity, or administrative or regulatory body; or any similar body; or any similar matter or proceeding against or involving the Corporation or affecting the Business or operations of the Corporation (whether in progress or threatened) and no event has occurred which might give rise to any of the foregoing. There is no judgment, decree, injunction, rule, award or

order of any court, government department, board, commission, agency, arbitrator, or similar body outstanding against the Corporation.

3.30 **Restrictions on Doing Business.** The Corporation is not a party to or bound by any agreement or subject to any legislation or any judgment, order or requirement of any court or Governmental Entity which would restrict or limit its rights to carry on any business or activity or to solicit business from any Person or in any geographical area or otherwise to conduct its Business as it may determine. To the knowledge of the Vendor, there are no facts or circumstances which materially adversely affect the ability of the Corporation to continue to operate its Business as presently conducted following the completion of the transactions contemplated by this Agreement.

3.31 **Partnerships and Ventures.** Except as set out in Schedule 3.31 attached hereto, the Corporation is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind, nor is the Corporation a party to any agreement under which it agrees to carry on any part of its Business or any other activity in such manner or by which it agrees to share any revenue or profit with any other Person.

3.32 **Customers and Suppliers.**

(a) No service is provided by the Corporation to any customer in exchange for payment in kind. The Corporation has not made any commitment to provide service to any customer without charge or at rates that are below market rates. The Corporation is obligated to provide any performance bonds, letters of credit or other means of financial assurance to any customer or supplier thereof pursuant to any agreement to which the Corporation is a party or is bound.

(b) Except as specifically described in Schedule 3.32, the Corporation has not received from, and none is liable to, any customer of the Business for any deposit, or other prepaid amount.

(c) Schedule 3.32 contains a true and correct list setting forth the ten (10) largest customers and the ten (10) largest suppliers of the Business of the Corporation by dollar amount for the twelve month period ended December 31, 2024. Subject to the requirement to obtain the consents described in Section 3.36 hereof, neither the Corporation nor the Vendor have received a written notice of the intention of any such customer or supplier to terminate, cancel or materially alter the current relationship between the Corporation and any customer or supplier listed on Schedule 3.32. The Vendor have delivered to the Purchaser true and complete copies of all written agreements with any such customer or supplier, and where any such agreement is oral, a summary of the terms thereof. The Vendor has no reason to believe that the benefits of any relationship with any customers or suppliers listed on Schedule 3.32 will not continue after the Closing Date in substantially the same manner as prior to the date of this Agreement. Other than the customers listed in Schedule 3.32, no single customer of the Corporation as of the date hereof accounts for more than one percent (1 %) of its respective annual revenue.

3.33 **Receivables.** The receivables are valid obligations owing to the Corporation which arose in the ordinary course of its Business and will be collected in the ordinary course of Business, in the aggregate, at their full face value. Such receivables are not subject to any defence, set off or counterclaim. None of the receivables is due from a Subsidiary or Affiliate of the Corporation.

3.34 **Licenses and Permits.** The Corporation holds all of its Licences and Permits free and clear of any and all Encumbrances. All the Licences and Permits are listed in Schedule 3.34 attached hereto and are in full force and effect, the Corporation is not in violation of any term or provision or requirement of any such Licences and Permits, and no Person has threatened to revoke, amend or impose any condition in respect of, or commenced proceedings to revoke, amend or impose conditions in respect of, any Licence or Permit.

3.35 **Product Liability & Warranty Claims.** Each product developed, sold or delivered by the Corporation has been in conformity in all material respects with all product specifications and all express or implied warranties. The Corporation has not sold any products or delivered any services that included a warranty for a period of longer than one (1) year. Each of the products sold by the Corporation is, and at all times up to and including the sale thereof has been, (i) in conformity in all material respects with all product specifications and all express and implied warranties, (ii) in compliance with all Applicable Laws and regulations, and (iii) fit for the ordinary purposes for which it is intended to be used. There is no design defect with respect to any of such products which will give rise to any liability and each of such products contains adequate warnings, presented in a reasonably prominent manner, in accordance with Applicable Laws, rules and regulations and current industry practice with respect to its contents and use. There are no claims, nor, to the knowledge of the Vendor, are there any circumstances which could reasonably be expected to give rise to a claim, against the Corporation on account of product warranties or with respect to the production, processing or sale of defective or inferior products.

3.36 **Consents.** Schedule 3.36 contains a complete list of all the contracts, agreements and Licenses and Permits which, by their terms, will require the consent of another Person in order to complete the purchase of the Purchased Shares hereunder.

3.37 **Compliance with Laws.** Except as disclosed in Schedule 3.37, to the Vendor's knowledge, the Corporation is conducting and has conducted the Business in material compliance with all Applicable Laws. In the past five (5) years, no notice or other communication from any Governmental Entity has been received by the Corporation or the Vendor which alleges any material failure by it to comply with any Applicable Laws.

3.38 **Brokers.** Except for Generational Equity, neither the Vendor or the Corporation has engaged any broker or other agent in connection with the transactions contemplated hereby and, accordingly, there is no commission, fee or other remuneration payable to any broker or agent who purports or may purport to act or have acted for the Corporation.

3.39 **Residency.** The Vendor is not a non-resident within the meaning of Section 116 of the Tax Act.

3.40 **Privacy.** The Corporation is conducting the Business in compliance with all applicable laws governing privacy and the protection of Personal Information, including the British Columbia *Personal Information Privacy Act* ("PIPA"), other than acts of non-compliance which individually or in the aggregate are not material. There is no requirement to obtain any consent, approval or waiver of any Person under applicable laws governing privacy and the protection of Personal Information, including PIPA, in connection with the due diligence investigation, negotiation, preparation, execution and performance of this Agreement and the transactions contemplated by it except for the consents, approvals and waivers obtained prior to the date of this Agreement or the failure of obtaining such consent, approval or waiver is not individually or in the aggregate material.

3.41 **Reportable and Notifiable Transactions.** The Vendor has not engaged in any transaction(s) contemplated by this Agreement that is or could be a "reportable transaction" as defined in subsection 237.3(1) of the Tax Act or a "notifiable transaction" as defined in subsection 237.4(1) of the Tax Act.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER AND COVENANTOR

The Purchaser and the Covenantor hereby jointly and severally hereby represent and warrant to the Vendor and acknowledge that the Vendor is relying on all of the following representations and warranties that as at the Closing Date and Closing Date:

4.01 **Existence.** The Purchaser is a corporation validly incorporated and existing under the laws of the Province of British Columbia. The Covenantor is a corporation validly incorporated and existing under the laws of the Province of Manitoba.

4.02 **Investment Canada Act.** Each of the Purchaser and the Covenantor is a Canadian within the meaning of the *Investment Canada Act* (Canada).

4.03 **Competition Act.** The Purchaser does not need to obtain any approval under the *Competition Act* or *Investment Canada Act* to complete the transactions contemplated in this Agreement or to fulfill their respective obligations hereunder.

4.04 **Authorization; Enforceability.** Each of the Purchaser and the Covenantor has all necessary power, authority, and capacity to enter into this Agreement and to carry out its obligations under this Agreement and any other contracts to be entered into by the Purchaser or Covenantor as provided herein, including without limitation the Ancillary Agreements. The execution and delivery of this Agreement, the Ancillary Agreements, and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements have been duly authorized by all necessary corporate action by each of the Purchaser and Covenantor. This Agreement and any document, agreement or instruments to be delivered pursuant to this Agreement has been duly executed and delivered by the Purchaser and the Covenantor and is a legal, valid and binding obligation of each of the Purchaser and Covenantor and enforceable against each of them by the Vendor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency

and other laws affecting the enforcement of rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

4.05 **Consents and Approvals.** There is no requirement for the Purchaser to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any government or regulatory authority as a condition to the lawful consummation of the transactions contemplated by this Agreement.

4.06 **Residence of Buyer and Covenantor.** Neither the Purchaser nor the Covenantor is a non-resident of Canada for purposes of the Tax Act.

4.07 **Reportable and Notifiable Transactions.** Neither the Purchaser nor the Covenantor has not engaged in any transaction(s) contemplated by this Agreement that is or could be a "reportable transaction" as defined in subsection 237.3(1) of the Tax Act or a "notifiable transaction" as defined in subsection 237.4(1) of the Tax Act.

ARTICLE 5
SURVIVAL OF REPRESENTATIONS AND WARRANTIES

5.01 **Survival of Representations and Warranties of the Vendor.** The representations and warranties of the Vendor contained in this Agreement and any Ancillary Agreement, instrument, certificate, undertaking or other document executed or delivered pursuant hereto shall survive the closing of the transactions contemplated hereby and, notwithstanding such Closing nor any investigation made by or on behalf of the Purchaser, shall continue in full force and effect for the benefit of the Purchaser, provided that:

(a) no Indemnity Claim may be brought after the date which is eighteen (18) months following the Closing Date, except as otherwise specified in clauses (b) and (c) below;

(b) any Indemnity Claim that is based upon or relates to Taxes and Governmental Charges may be made or brought by the Purchaser until a period expiring on the ninetieth (90th) day after the expiry of the last "normal reassessment period" for Taxes and Governmental Charges arising from or in connection with any fiscal period ending immediately prior to the Effective Time; and

(c) any Indemnity Claim that is based upon or relates to the representations contained in Sections 3.01 to 3.06 inclusive, 3.08, 3.38 and 3.39 (the "**Fundamental Representations**") whether or not based upon intentional misrepresentation or fraud by the Vendor, may be made or brought by the Purchaser at any time.

5.02 **Survival of Representations and Warranties of the Purchaser and Covenator.** The representations and warranties of the Purchaser and Covenantor contained in this Agreement or in any Ancillary Agreement, document, certificate or undertaking given pursuant hereto shall, notwithstanding the Closing or any investigation made by or on behalf of the Vendor, continue in full force and effect for the benefit of the Vendor for eighteen (18) months from the Closing Date. For certainty, the notice period set out in this

Section 5.02 shall not apply to any breach by the Purchaser or Covenantor of any payment obligations of the Purchaser or Covenantor under this Agreement or any document, instrument or agreement delivered pursuant to this Agreement.

ARTICLE 6
CLOSING CONDITIONS

6.01 **Conditions for the Benefit of the Purchaser.** Notwithstanding anything herein contained, the obligations of the Purchaser under this Agreement are subject to the following conditions precedent, each of which is hereby acknowledged to be inserted for the exclusive benefit of the Purchaser and may be waived in writing by Purchaser in whole or in part, and the Vendor will use their best efforts to ensure that such conditions are fulfilled by the Closing Date: **[CW NOTE: To be confirmed whether simultaneous sign and close or a sign then close. If the former, delete closing conditions.]**

(a) **Due Diligence.** On or before the Closing Date, the Purchaser shall have conducted and completed its due diligence review of the Corporation to the satisfaction of the Purchaser and Purchaser's Counsel, in their sole discretion.

(b) **Confirmation of Financing.** On or before the Closing Date, the Purchaser shall have arranged financing in amounts sufficient to satisfy payment in full of that portion of the Purchase Price payable in cash on the Closing Date, on terms and conditions satisfactory to the Purchaser in its sole discretion. For greater certainty, neither the Vendor nor Jason Zanatta shall be required to execute and deliver any documents, writings, deeds or instruments, in their capacity as directors or shareholders of the Corporation, as applicable, approving the financing for the purchase of the Shares or any matters relating thereto.

(c) **Accuracy of Representations and Warranties.** The representations and warranties of the Vendor made in or pursuant to this Agreement will be true and correct as at the Closing with the same force and effect as if made at and as of the Closing and the Purchaser will have received a certificate confirming the same from the Vendor, in form satisfactory to the Purchaser's Counsel, acting reasonably.

(d) **Performance of Vendor's Obligations.** The Vendor will have fulfilled or complied with all of its covenants contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by any of them at or prior to the Closing. The completion of the Closing will not constitute a waiver by the Purchaser of any of the covenants of the Vendor which are contained in this Agreement or in any Ancillary Agreement which, by their terms, survive the Closing.

(e) **Closing Documents and Proceedings.** All documents relating to the due authorization and completion of the transaction contemplated hereby and all actions and proceedings taken on or prior to the Closing in connection with the performance by the Vendor of its obligations under this Agreement will be satisfactory to the Purchaser and to the Purchaser's Counsel and the Purchaser will have received

copies of all such documents or other evidence as it may reasonably request in form and substance satisfactory to the Purchaser and the Purchaser's Counsel.

(f) **No Adverse Legislation.** No legislation (whether by statute, regulation, by-law or otherwise) will have been enacted or introduced which, in the reasonable opinion of the Purchaser, adversely affects or may adversely affect the operations and Business of the Corporation.

(g) **Consents and Approvals.** The Corporation will have all the powers, licences, franchises and permits which each requires to carry on the Business or any part thereof as now conducted and to enable the property and assets of each the Corporation to be owned and operated by it, after giving effect to the transactions contemplated in this Agreement and any necessary third party consents or regulatory approvals of the transactions contemplated in this Agreement will have been obtained.

(h) **No Action to Restrain.** No action or proceeding will be pending or threatened by any Person to restrain or prohibit (i) the purchase and sale of the Purchased Shares hereunder, or (ii) the Corporation from each conducting its respective operations or carrying on the Business as such operations and Business has been conducted and carried on in the past.

(i) **No Material Adverse Change.** There will have been no change in the Business, operations or capital of the Corporation which has had or could reasonably be expected to have a significant adverse effect on the value of the Purchased Shares.

If any of the conditions contained in this Section 6.01 will not be fulfilled or performed by the Vendors, or waived in writing by the Purchaser, at or before the Closing Date to the reasonable satisfaction of the Purchaser, the Purchaser may, by written notice to the Vendors, terminate this Agreement and the obligations of the parties hereunder.

6.02 **Conditions for the Benefit of the Vendor.** Notwithstanding anything herein contained, the obligations of the Vendor under this Agreement are subject to the following conditions precedent, each of which is hereby acknowledged to be inserted for the exclusive benefit of the Vendor and may be waived in writing by the Vendor, and the Purchaser will use its best efforts to ensure that such conditions are fulfilled by the Closing Date:

(a) **Accuracy of Representations and Warranties.** The representations and warranties of the Purchaser made in or pursuant to this Agreement will be true and correct as at the Closing with the same force and effect as if made at and as of the Closing and the Vendor will have received a certificate confirming the same from each of the Purchaser, in form satisfactory to the Vendor's Counsel, acting reasonably.

(b) **Performance of Purchaser's Obligations.** The Purchaser will have fulfilled or complied with all of its covenants contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by it at or prior to the Closing. The

completion of the Closing will not constitute a waiver by the Vendor of any of the covenants of the Purchaser which are contained in this Agreement or in any Ancillary Agreement which, by their terms, survive the Closing.

(c) **Closing Documents and Proceedings.** All documents relating to the due authorization and completion of the transaction contemplated hereby and all actions and proceedings taken on or prior to the Closing in connection with the performance by the Purchaser of its respective obligations under this Agreement will be satisfactory to the Vendor and to the Vendor's Counsel and the Vendor will have received copies of all such documents or other evidence as it may reasonably request in form and substance satisfactory to the Vendor and the Vendor's Counsel.

(d) **No Action to Restrain.** No action or proceeding will be pending or threatened by any Person to restrain or prohibit the purchase and sale of the Purchased Shares hereunder.

If any of the conditions contained in this Section 6.02 will not be fulfilled or performed by the Purchaser, or waived in writing by the Vendor, at or prior to the Closing Date to the reasonable satisfaction of the Vendor, the Vendor may, by notice to the Purchaser, terminate this Agreement and the obligations of the parties hereunder.

ARTICLE 7
INDEMNIFICATION

7.01 **Indemnification by the Vendor.** Subject as hereinafter provided, the Vendor hereby agrees to indemnify and save harmless the Purchaser from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be made or brought against the Purchaser or which the Purchaser may suffer or incur as a result of, in respect of or arising out of:

(a) any non-performance or non-fulfillment of any covenant or agreement on the part of the Vendor contained in this Agreement or in any document given in order to carry out the transactions contemplated hereby; and

(b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Vendor contained in this Agreement or in any document or certificate given in order to carry out the transactions contemplated hereby.

[CW NOTE: Items (c) and (g) are covered by (a) and (b). If there is a breach and Purchaser suffers a loss, Purchaser can recover under (a) or (b), as applicable. Specifically, Vendor provides rep and warranty re: Shareholders agreement in Section 3.05; Taxes and Governmental Charges in Section 3.24(b); Litigation in Section 3.29; Brokers Fees in section 3.38. Section 11.05 (Expenses) states each party is responsible for their own legal costs.]

The obligations of indemnification by the Vendor pursuant to this Section 7.01 are subject to the limitations referred to in Section 5.01 hereof with respect to the survival of the representations and warranties of the Vendor, the scope of their obligations as set out in

sub-sections (a) through (b) above and the further limitations and clarifications set out in Section 7.03 below.

7.02 **Indemnification by the Purchaser and Covenantor.** Subject as hereinafter provided, the Purchaser and the Covenantor hereby agree to indemnify and save harmless the Vendor from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be made or brought against the Vendor or which the Vendor may suffer or incur as a result of, in respect of or arising out of:

(a) any breach of or non-compliance with any of the covenants, agreements, representations or warranties made by the Purchaser in this Agreement; and

(b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser or Covenantor in this Agreement or in any document or certificate given in order to carry out the transactions contemplated hereby.

The obligations of indemnification by the Purchaser pursuant to this Section are subject to the limitations referred to in Section 5.02 hereof with respect to the survival of the representations and warranties of the Purchaser.

7.03 **Survival of Indemnification.** Where a written claim under this ARTICLE 7 has been made within the time limits specified in Section 5.02, the right to indemnification in respect of such claim shall continue in full force and effect until the claim is finally settled or adjudicated and all payments to be made in respect of any settlement of adjudication have been made.

7.04 **Tax Status of Indemnification Payments.** Any payment made by the Vendor as an indemnifying party pursuant to this ARTICLE 7 shall constitute an adjustment to the Purchase Price for the Purchased Shares and each party to this Agreement shall, within a reasonable time of payment and receipt of such payment, as applicable, and in any event within two (2) months of such payment, file all amendments to his, her or its current or past income tax returns as may be necessary to reflect the foregoing.

7.05 **Limitation on Indemnification Obligations**. The right of an indemnified party under this ARTICLE 7 to make an Indemnity Claim will be limited as follows:

(a) The claim shall be subject to the limitation dates set forth in this Agreement respecting the survival of representations and warranties.

(b) The amount of any losses which may be claimed by the indemnified party pursuant to such claim shall be calculated to be the cost or loss to it after giving effect to any insurance proceeds available in relation to the matter which is the subject of the claim for indemnity.

(c) Subject to Section 7.05(d), no obligation on the part of the Vendor or any of them to indemnify the Purchaser for losses or damages shall arise until the amount of the Purchaser's losses or damages in respect of which a claim for indemnity has been

made by the Purchaser exceeds $150,000, for each single Claim and $300,000 in aggregate.

(d) The total liability of the Vendor collectively shall be capped at five percent of the after-tax Purchase Price actually paid by the Purchaser to the Vendor.

(e) Notwithstanding any provision contained herein to the contrary, no Party shall be entitled to indemnification under this Agreement with respect to a breach by any other Party of any representations, warranties or covenants hereunder that such Party had actual knowledge of on or prior to the date of this Agreement or the Closing Date.

(f) In no circumstances shall the Vendor or the Purchaser be liable under this Agreement for any indirect, consequential, punitive or aggravated losses, or losses for loss of profit, revenue or business opportunity.

(g) Notwithstanding any other provision of this Agreement, no Indemnity Claim whatsoever may be brought by the Purchaser, including for the breach of any representations and warranties by the Vendor or any of them given hereunder, or for any non-performance or non-fulfillment of any covenant or agreement of the Vendor or any of them hereunder or any document, instrument or agreement delivered pursuant to this Agreement, or for any matter related to the Business or the Vendor's involvement in the Business prior to the Closing whether as a director, shareholder, employee or in any other capacity, or with respect to any loss or losses suffered or incurred by any Party as a result of, in respect of or arising out of the matters described in this Agreement, other than pursuant to, and subject to the provisions of this ARTICLE 7, it being understood that this Agreement was negotiated on the basis that the provisions of this ARTICLE 7 comprise and are the exclusive remedy of the Purchaser against the Vendor.

7.06 **Provisions Relating to Indemnity Claims.** The following provisions will apply to any claim by the Purchaser for indemnification by the Vendor pursuant to ARTICLE 7 hereof:

(a) Promptly after becoming aware of any matter that may give rise to an Indemnity Claim, the Purchaser will provide to the Vendor written notice of the Indemnity Claim specifying (to the extent that information is available) the factual basis for the Indemnity Claim and the amount of the Indemnity Claim or, if an amount is not then determinable, an estimate of the amount of the Indemnity Claim, if an estimate is feasible in the circumstances.

(b) If an Indemnity Claim relates to an alleged liability of the Corporation, or any of them, to any other Person (hereinafter, in this Section 7.06, called a "Third Party Liability"), including without limitation any Governmental Entity including any taxing authority, which is of a nature such that the Corporation is required by Applicable Law to make a payment to a third party before the relevant procedure for challenging the existence or quantum of the alleged liability can be implemented or completed, then the Corporation or the Purchaser may, notwithstanding the

provisions of paragraphs (c) and (d) of this Section 7.06, make such payment or cause the Corporation to make such payment and forthwith demand reimbursement for such payment from the Vendor in accordance with this Agreement; provided that, if the alleged liability to the third party as finally determined upon completion of settlement negotiations or related legal proceedings is less than the amount which has been paid by the Vendor in respect of the related Indemnity Claim, then the Corporation and/or the Purchaser shall forthwith following the final determination pay to the Vendor the amount by which the amount of the liability as finally determined is less than the amount which is so paid by the Vendor.

(c) The Purchaser shall not negotiate, settle, compromise or pay (except in the case of payment of a judgment) any Third Party Liability as to which the Purchaser proposes to assert an Indemnity Claim, except with the prior consent of the Vendor (which consent shall not be unreasonably withheld or delayed), unless there is a reasonable possibility that such Third Party Liability may materially and adversely affect the Business or the condition of the Corporation or the Purchaser, in which case the Purchaser shall have the right, after notifying the Vendor, to negotiate, settle, compromise or pay such Third Party Liability without prejudice to its rights of indemnification hereunder.

(d) With respect to any Third Party Liability relating to the Corporation, provided the Vendor first admit the Purchaser's right to indemnification for the amount of such Third Party Liability which may at any time be determined or settled, then in any legal, administrative or other proceedings in connection with the matters forming the basis of the Third Party Liability, the following procedures will apply:

(i) except as contemplated by subparagraph (iii) of this paragraph, the Vendor will have the right to assume carriage of the compromise or settlement of the Third Party Liability and the conduct of any related legal, administrative or other proceedings, but the Purchaser and the Corporation shall have the right and shall be given the opportunity to participate in the defence of the Third Party Liability, to consult with the Vendor in the settlement of the Third Party Liability and the conduct of related legal, administrative and other proceedings (including consultation with counsel) and to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Vendor and the Purchaser shall be retained by the Vendor;

(ii) the Vendor will cooperate with the Purchaser in relation to the Third Party Liability, will keep them fully advised with respect thereto, will provide them with copies of all relevant documentation as it becomes available, will provide them with access to all records and files relating to the defence of the Third Party Liability and will meet with representatives of the Purchaser at all reasonable times to discuss the Third Party Liability, and

(iii) notwithstanding subparagraphs (i) and (ii) of this paragraph, the Vendor will not settle the Third Party Liability or conduct any legal, administrative

or other proceedings in any manner which could, in the reasonable opinion of the Purchaser, have a material adverse effect on the Business or the condition of the Corporation or the Purchaser, except with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld or delayed.

(e) If, with respect to any Third Party Liability the Vendor do not admit the Purchaser's right to indemnification or decline to assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability, then the following provisions will apply:

(i) the Purchaser, at their discretion, shall assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability and may defend or settle the Third Party Liability on such terms as the Purchaser, acting in good faith, considers advisable, and

(ii) any cost, loss, damage or expense incurred or suffered by the Purchaser and/or the Corporation in the settlement of such Third Party Liability or the conduct of any legal, administrative or other proceedings shall be added to the amount of the Indemnity Claim.

ARTICLE 8
CLOSING ARRANGEMENTS

8.01 **Place of Closing.** The Closing will take place at the Closing Time with effect as of the Effective Time and the Closing Date. The Parties agree that, in lieu of a physical closing, the Closing shall take place electronically at the Closing Date, by way of the exchange between the Purchaser's Counsel and the Vendor's Counsel of professional undertakings or trust conditions agreed to by the Purchaser's Counsel and the Vendor's Counsel, or at such other place or time as the parties hereto may mutually determine.

8.02 **Closing Deliveries.** In order to facilitate the Closing, the parties hereto agree to sign and deliver all of the closing documents and deliverables set out in this ARTICLE 8 to their respective solicitors to be held in trust pending completion of the Closing at the Closing Date. The Vendor's Counsel and the Purchaser's Counsel shall each confirm, on or before the Closing Date, that all of the documents and deliverables contemplated under this ARTICLE 8 and set out in a closing agenda shall have been executed and tendered. Based upon such confirmation, the Closing shall become effective as at the Effective Time. Without limiting the generality of the foregoing, each of the parties shall execute or cause to be executed, and shall deliver, or cause to be delivered, all documents, instruments and things which are to be delivered respectively by them pursuant to the provisions of this Agreement. In that regard:

(a) on or before the Closing Date, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

(i) certificate(s) representing the Purchased Shares duly endorsed in blank for transfer or accompanied by duly executed instruments of transfer;

(ii) a certified copy of the resolutions of the trustee of the Trust authorizing the sale and transfer of the Purchased Shares and the other transactions contemplated herein;

(iii) a certified copy of the resolutions of the directors of the Corporation authorizing the transfer of the Purchased Shares and the other transactions contemplated herein;

(iv) releases from the Vendor in favour of the Purchaser, the Covenantor and the Corporation in respect of matters prior to Closing other than the ongoing obligations pursuant to this Agreement and the Ancillary Agreements, in form and content acceptable to the Purchaser and the Purchaser's Counsel;

(v) an employment agreement between Jason Zanatta and the Corporation, substantially in the form attached hereto as Schedule 8.02(a)(vi), executed by Jason Zanatta;

(vi) a shareholders' agreement among the Vendor, the Purchaser and the Corporation, substantially in the form attached as Schedule 8.02(a)(vii), which shall govern the Vendor and the Purchaser's relationship with respect to their rights and obligations as shareholders of the Corporation, executed by the Vendor;

(vii) an amended and restated lease agreement among Zanatta Seaborne Holdings Ltd., as landlord, the Corporation, as tenant, and the Purchaser and Covenantor, as covenantors, substantially in form attached as Schedule 8.02(a)(viii), executed by Zanatta Seaborne Holdings Ltd.; **[CW NOTE: Jason did not agree to month-to-month lease]**

(viii) a waiver or satisfaction of closing conditions for the benefit of the Vendor; **[CW NOTE: To be discussed whether simultaneous sign and close, in which case, closing conditions are not required.]**

(ix) a certificate confirming the representations and warranties of the Vendor made in or pursuant to this Agreement are true and correct as at the Closing with the same force and effect as if made at and as of the Closing; and **[CW NOTE: To be discussed whether simultaneous sign and close, in which case, closing conditions are not required.]**

(x) such other documents as the Purchaser or Purchaser's Counsel may reasonably require in order to complete this transaction.

(b) on or before the Closing Date, the Purchaser and the Covenantor shall deliver or cause to be delivered to the Vendor the following:

(i) the payment referred to in Section 2.03;

(ii) certified copies of resolutions of the directors of each of the Purchaser and the Covenantor, respectively, authorizing entry into this Agreement, any applicable Ancillary Agreement and the transactions contemplated herein;

(iii) the employment agreement referenced in Section 8.02(a)(vi), executed by the Corporation;

(iv) the shareholders' agreement referenced in Section 8.02(a)(vii), executed by the Purchaser and the Corporation;

(v) duly signed releases from the Purchaser, the Covenantor and the Corporation in favour of the Vendor and Jason Zanatta in respect of matters prior to Closing other than the ongoing obligations pursuant to this Agreement and the Ancillary Agreements, in form and content acceptable to the Vendor and the Vendor's Counsel;

(vi) an amended and restated lease agreement referenced in Section 8.02(a)(viii), duly executed by the Corporation, the Purchaser and the Covenantor;

(vii) a waiver or satisfaction of closing conditions for the benefit of the Purchaser; **[CW NOTE: To be discussed whether simultaneous sign and close, in which case, closing conditions are not required.]**

(viii) a certificate confirming the representations and warranties of the Purchaser and the Covenantor made in or pursuant to this Agreement are true and correct as at the Closing with the same force and effect as if made at and as of the Closing; **[CW NOTE: To be discussed whether simultaneous sign and close, in which case, closing conditions are not required.]** and

(ix) such other documents as the Vendor or Vendor's Counsel may reasonably require in order to complete this transaction.

8.03 **Data Room**. The Vendor shall retain one archive of all documents uploaded and residing in the electronic Data Room used during the transactions contemplated by this Agreement, including all recorded information on access, viewing, use, edits, and downloads.

8.04 **Further Assurances.** Each party to this Agreement covenants and agrees that, from time to time subsequent to the Closing Date, each will, at the request and expense of the requesting party, execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as any other party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

ARTICLE 9
ADDITIONAL COVENANTS OF THE PARTIES

9.01 **Operation of Businesses Prior to Closing**. From the date of this Agreement until the Closing Date, or until the earlier termination of this Agreement in accordance with its terms, except as the Purchaser shall consent in writing, the Corporation shall conduct its Business in the ordinary course of business in all material respects consistent with past practice, and shall use commercially reasonable efforts to preserve intact the Business and operations, preserve its material rights, franchises, goodwill and relationships with any applicable Governmental Entity and its material customers, suppliers, and others with whom it does business relating to the Business. The Vendor shall cause the Corporation not to do any of the following with respect to the Business:

(a) incur, create or assume any Encumbrance;

(b) sell, lease, license, transfer, pledge, convey, assign, mortgage or otherwise dispose of any material properties or assets, tangible or intangible, of its Business other than Inventory in the ordinary course;

(c) other than in the ordinary course of business, make or incur any capital expenditures with respect to its Business requiring payments in excess of Fifty Thousand ($50,000) Dollars in the aggregate;

(d) other than in the ordinary course of business, reduce the amount of insurance coverage or fail to renew any existing insurance policies that, in each case, is material to its Business;

(e) with respect to receivables that will remain outstanding following the Closing, cancel or waive any claims under any receivable or other claims or rights of substantial value or amend or modify the terms relating to any such Receivables or make any concession with respect to any receivables which is materially adverse to its Business;

(f) materially amend, terminate or allow to lapse any material permit or licence relating to its Business, other than amendments required by Applicable Law; or

(g) authorize or enter into any contract, agreement or commitment with respect to any of the foregoing.

9.02 **Preparation of Tax Returns. [CW NOTE: Under review by Vendor and tax advisors]** The Vendor shall cause to be prepared and filed, at the Corporation's cost, all Tax Returns for the Corporation for any taxation year or other fiscal period that ends on or before the Closing Date for which Tax Returns have not been filed as of the Closing Date. The Vendor shall prepare each Tax Return on a basis consistent with (i) Applicable Law, (ii) the Closing Financial Statements, and (iii) the past practices and procedures of the Corporation, provided, however, that no allowance shall be taken for doubtful accounts or for obsolescence of inventory (and, for greater certainty, any such doubtful accounts or obsolete inventory previously taken shall be brought into income in the Tax Returns).

Notwithstanding the foregoing, in any Tax Return, the Corporation shall not deduct any amount in the nature of a reserve or claim any Tax credit that would require the Corporation to include in a tax period ending after the Closing Date any amount of income, unless the Tax liability in respect of such income (determined as though such income were the only income or loss of the entity for the tax period and without regard for the availability of any loss carryforwards or carrybacks) is taken into account in computing the Working Capital Closing Amount. The Vendor shall provide to the Purchaser for its review a draft of each Tax Return no later than thirty (30) days in the case of an income Tax Return, and ten (10) days in the case of any other Tax Return, prior to the due date for filing such Tax Return with the appropriate Governmental Entity. The Purchaser shall notify the Vendor in writing within fifteen (15) days in the case of an income Tax Return, and five (5) days in the case of any other Tax Return, after delivery of a Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. The Vendor shall consider all such comments.

9.03 **Confidential Communications**. From and after the Closing, all Confidential Communications shall be confidential and remain the exclusive privileged property of the Vendor and shall not belong to the Corporation or the Purchaser or any Affiliate thereof or the Covenantor or any Affiliates thereof, notwithstanding that such Confidential Communications remain at the premises of the Corporation, in the books and records or on any servers on the computer network of the Business, the Corporation or the Purchaser or Covenantor or any of their respective Affiliates, as applicable, whether through the use of the email suffix "**@novoshield.ca**" or otherwise. Such Confidential Communications are hereby expressly excluded from the purchase and sale transaction contemplated by this Agreement and do not form part of the assets of the Corporation and Business being transferred by this Agreement. The Purchaser, Covenantor and their respective Affiliates (including, after the Closing, the Corporation and its subsidiaries or any subsequently amalgamated entity resulting from the amalgamation of the Corporation shall have no right or interest into such Confidential Communications regardless of whether such communications remain on the servers of the Corporation, the servers of Purchaser or any Affiliate or Covenantor or any Affiliate thereof, as applicable, or a server associated with the Business after the Closing Date. For certainty, and without limiting the generality of the foregoing, all privileged communications that arise out of and relate to the negotiation, documentation and consummation of this Agreement and the documents, agreements and instruments and the transactions contemplated herein between the Vendor and the Vendor's Counsel prior to and after Closing are protected by privilege and any inadvertent disclosure of Confidential Communications does not and shall not constitute a waiver of such privilege by the Vendor and any and all rights or the Corporation or any of them may have had with respect to the Confidential Communications shall not terminate on Closing.

9.04 **Personal Information**. The Purchaser shall, at all times, comply with Applicable Laws governing the protection of personal information with respect to Personal Information disclosed or otherwise provided to the Purchaser by the Vendor or the Corporation under this Agreement specifically including any obligation to notify affected individuals that personal information was disclosed in the course of the sale and that the sale has closed. Purchaser shall only collect, use or disclose such Personal Information for the purposes of investigating the Corporation and the Business as contemplated in this Agreement and

completing the transactions contemplated in this Agreement. The Purchaser shall safeguard all Personal Information collected from the Vendor or the Corporation in a manner consistent with the degree of sensitivity of the Personal Information and maintain, at all times, the security and integrity of the Personal Information. The Purchaser shall not make copies of the Personal Information or any excerpts thereof or in any way recreate the substance or contents of the Personal Information if the purchase of the Shares is not completed for any reason and shall return all Personal Information to the Vendor or, at Vendor's request, destroy such Personal Information.

9.05 **Maintenance of Records.** The Purchaser and Covenantor covenant to:

(a) maintain in safekeeping for the applicable statutory retention periods:

(i) all financial records of the Corporation; and

(ii) all other records of the Corporation which are in the possession of the Corporation on the Closing Date and which relate to periods prior to the Closing Date; and

(b) allow the Vendor reasonable access to the records described in Section 9.05(a) above if the Vendor is investigated or audited by a taxation or other authority or, at the request of the Vendor, for any other bona fide business purpose which is not adverse to the interests of the Corporation, as determined by the Purchaser and Covenantor acting reasonably.

ARTICLE 10
ARBITRATION

10.01 **Negotiation to Resolve Disputes.** The Parties covenant and agree to negotiate in good faith upon request in writing to settle any dispute, controversy or claim arising out of or relating to this Agreement, or the breach or termination of this Agreement (collectively, a "Dispute").

10.02 **Arbitration.** All Disputes which the parties are unable to resolve themselves shall be settled by arbitration pursuant to the Arbitration Rules. If a binding settlement of a Dispute has not been finalized by the parties within the thirty (30) day period after which a party has first requested in writing to the other parties to the Dispute that the matter be resolved by negotiation pursuant to Section 10.01 or any other provision of this Agreement, any party to the Dispute may thereafter initiate proceedings to settle the Dispute by arbitration in accordance with the Arbitration Rules. For purposes of the Arbitration Rules:

(a) the arbitral tribunal shall consist of a single Arbitrator, or such greater number of Arbitrators as may be designated by order of the British Columbia Supreme Court;

(b) the parties to the Dispute shall attempt to agree upon a single Arbitrator, but if they are unable to do so within fifteen (15) Business Days of the date of the notice initiating settlement by arbitration, any party to the Dispute may thereafter apply to

the British Columbia Supreme Court for an order that determines the Arbitrator; and

(c) all other procedural and substantive matters related to the arbitration may be determined by the Arbitrator.

10.03 **Binding Effect of Arbitration.** All awards and decisions of the Arbitrator shall be final and binding on the Parties, and shall not be open to challenge or appeal, subject only to the provisions of the Arbitration Act.

ARTICLE 11
GENERAL MATTERS

11.01 **Guarantees and Obligations.** The Purchaser and the Covenantor jointly and severally covenant to use commercially reasonable efforts to cause the release of all guarantees and any other obligations of the Vendor and their Affiliates in respect of the Corporation and the Business (the "**Guarantees and Obligations**"). If the Purchaser and the Covenantor are unable to cause the Corporation to obtain any such releases, the Purchaser and the Covenantor will jointly and severally indemnify the Vendor and their Affiliates in respect of any Guarantees and Obligations as of the Closing Date and for so long as such Guarantees and Obligations remain in effect.

11.02 **Notices.** Any notice or other communication required or permitted to be given hereunder will be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail, as follows:

(a) if to the Vendor:

1571 Harbour Drive
Coquitlam, BC V3J 5V7

Email: jasonzanatta13@gmail.com

with a copy (which does not constitute notice to the Vendor) to:

Clark Wilson LLP
900-885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Leslie Wong
Email: lwong@cwilson.com

(b) if to the Purchaser or the Covenantor:

c/o 15-801 Century Street
Winnipeg, Manitoba R3H 0C3
Attention: _____, President
Email: _____

with a copy (which does not constitute notice to the Purchaser and Covenantor) to:

Thompson Dorfman Sweatman LLP
1700 - 242 Hargrave Street
Winnipeg, Manitoba R3C 0V1

Attention: Elmer Gomes
Email: EJG@tdslaw.com

and shall be deemed to be received if delivered by hand or overnight courier service, when delivered, if given by certified or registered mail, on the date falling four (4) Business Days following the date upon which it has been deposited in the post office with postage and cost of registration prepaid and if given by facsimile or electronic mail, when sent, provided that if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient; provided however, that any of the above-named parties may change the address designated from time to time, by notice in writing to the other party hereto given in accordance herewith.

11.03 **Disclosure.** The parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the transactions contemplated hereby and, except as required by any Applicable Law or regulatory requirement, no party shall issue any such press release or make any such public announcement without the prior written consent of the other parties hereto, which consent shall not be unreasonably withheld or delayed. Except as agreed to by all of the parties, no party shall disclose this Agreement or any aspect of such transaction except to his, her or its legal, accounting, financial or other professional advisors, or as may be required by any Applicable Law or any regulatory authority having jurisdiction, except that no provision in this section shall prohibit disclosure of the existence of this Agreement.

11.04 **Commercially Reasonable Efforts.** The parties acknowledge and agree that, for all purposes of this Agreement, an obligation on the part of any party to use his, her or its commercially reasonable efforts to obtain any waiver, consent, approval, permit, licence or other document shall not require such party to make any payment to any Person for the purpose of procuring the same, other than payments for amounts due and payable to such Person, payments for incidental expenses incurred by such Person and payments required by any Applicable Law.

11.05 **Fees and Expenses.** Each of the parties hereto shall bear all expenses incurred by such party in connection with this Agreement including, without limitation, the charges of their respective counsel, accountants, financial advisors and finders.

11.06 **Entire Agreement.** This Agreement, together with the documents delivered pursuant hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements,

representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

11.07 **Time of Essence.** Time shall be of the essence of this Agreement.

11.08 **Applicable Law.** This Agreement and all Ancillary Agreements shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and each party hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

11.09 **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

11.10 **Non-Merger.** Except as otherwise expressly provided in this Agreement, the covenants, representations, warranties and other provisions of this Agreement will not merge on Closing but will survive: (a) the execution, delivery and performance of this Agreement and the Ancillary Agreements; (b) the Closing; and (c) the payment of the Purchase Price. Notwithstanding such Closing, this Agreement will continue in full force and effect. Closing will not prejudice any right of one party against any other party in respect of anything done or omitted under this Agreement or in respect of any right to damages as provided in this Agreement.

11.11 **Successors and Assigns.** This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective trustees, successors and permitted assigns. No party may assign any of its rights or obligations hereunder without the prior written consent of the other parties hereto.

11.12 **No Third Party Beneficiaries.** Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

11.13 **No Set-Off.** The obligation of the parties to make all payments hereunder will be absolute and unconditional and will not be affected by any circumstance, including, without limitation:

(a) any set-off, compensation, counterclaim, recoupment, defence, or other right which a party may have against the other, or anyone else for any reason whatsoever;

(b) any insolvency, bankruptcy, reorganization, or similar proceedings by or against any of the parties.

(c) each party hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon

it, by statute or otherwise, to terminate, cancel, quit, or surrender this Agreement except in accordance with the express terms hereof.

11.14 **Remedies Cumulative.** The remedies to which any party hereto may resort are cumulative and not exclusive of any other remedies allowed by law or equity to which such party may be entitled, and such party will be entitled to pursue any and all of its remedies concurrently, consecutively, and alternatively.

11.15 **Good Faith.** The parties acknowledge and agree that they have approached and negotiated this Agreement and the documents and instruments to be delivered pursuant to this Agreement or in connection with the transactions contemplated by this Agreement in good faith and that they will continue to act in such manner. In particular and without limiting the generality of the foregoing, the parties agree to cooperate fully in good faith with each other and their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement.

11.16 **Amendment and Waivers.** No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver relate to or affect a subsequent instance of the matter waived unless otherwise expressly provided.

[CW NOTE: Assignment permitted pursuant to Section 11.1, with prior written consent. Purchaser entity to be incorporated prior to Closing.]

11.17 **Independent Legal Advice.** Each party hereby represents by signing this Agreement that it has had the full opportunity to obtain such independent legal or other advice as required, and that such party enters this Agreement voluntarily.

11.18 **Counterpart Execution.** This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

11.19 **Execution by Electronic Means.** This Agreement may be executed and delivered by a party by electronic means, including by successful facsimile transmission or by electronic delivery in portable document format (".pdf") or tagged image file format (".tif"), to the other party or its legal counsel, of a signature page hereof bearing the signature of that party and the parties adopt any signatures received by electronic means as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so transmitted by electronic means.

[Signature Page Follows.]

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

_____

JASON ZANATTA, as Trustee of the ZANATTA FAMILY TRUST

[SPIRITRX PURCHASING ENTITY]

Per: _____
Name:
Title:

I have the authority to bind the Corporation.

SPIRITRX SERVICES CORPORATION

Per: _____
Name:
Title:

I have the authority to bind the Corporation.

This is Exhibit "**44**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Rosodi, Harpreet

From: Jason Zanatta <jasonz@novoshield.ca>
Sent: March 2, 2026 6:37 PM
To: Vaghadia, Devika; Rosodi, Harpreet
Subject: RE: Spirit & Novo - congrats on SPA
Attachments: Spirit & Novo - SPA - executed - Feb 2026.pdf

Importance: High

****
PRUDENCE/CAUTION - EXTERNE/EXTERNAL
****

Hi Devika and Harpreet,

I'm thrilled to finally share that the Share Purchase Agreement has been fully executed by all parties!

Tribal Council Investment Group (TCIG) — a 100% Indigenous-owned investment fund backed by the Tribal Councils of Manitoba — has agreed to invest **$8,960,000** in exchange for 64% of Novo Textile Company Ltd. This strategic partnership brings significant new capital and powerful synergies to the company.

On closing (March 17), my counsel will use the proceeds to pay off **in full** Novo's entire NBC line of credit and equipment loan, along with all 2026 year-end taxes, leaving the company with a completely clean balance sheet and zero bank debt.

I will retain a significant ownership stake, full voting rights, and will continue as CEO and President going forward.

This partnership positions Novo for accelerated growth. We now have the capital and strategic support to expand our government procurement footprint across Canada, scale our product lines through SpiritRx's broader medical technology portfolio, and execute our plan to enter the U.S. market.

I'm incredibly excited about this next chapter and wanted you both to be among the first to know. I'll keep you updated as we move toward closing, and of course I'm happy to hop on a call to discuss any details.

Thank you both for your continued support — it means a lot.

Warm regards,

Jason Zanatta
CEO | President
Novoshield PPE Made in BC, Canada
M- 604-812-9385

E- jasonz@novoshield.ca

From: Jason Zanatta
Sent: March 2, 2026 6:22 PM
To: Vaghadia, Devika <devika.vaghadia@nbc.ca>; Rosodi, Harpreet <harpreet.rosodi@nbc.ca>
Subject: FW: Spirit & Novo - congrats on SPA

From: David Donnelly <david.donnelly@spirithealthcare.ca>
Sent: February 26, 2026 12:02 PM
To: Jason Zanatta <jasonz@novoshield.ca>; Heather Berthelette <hberthelette@tcig.biz>; Jeff Butler <jbutler@tcig.biz>
Subject: RE: Spirit & Novo - congrats on SPA

Hi Jason,

Really appreciate your message.

We're just as excited to have the SPA signed and to be moving forward together. It's a huge moment for all of us. We're pushing hard on our side to make sure everything is completed on time for the March 17, 2026 closing. Seeing Novo become part of the TCIG & Spirit group is something we're genuinely proud of, and we can't wait for what the future holds.
Here's to the next chapter—and to celebrating together soon.

Regards,

David Donnelly
Senior Vice President
Spirit Healthcare Group
Unit 15, 801 Century Street
Winnipeg, MB R3H 0C3
C: (416) 993-4566
E: david.donnelly@spirithealthcare.ca

Our offices are located on beautiful Treaty One territory, the traditional territory of the Anishinaabeg (Ojibwe), the Inninew (Cree), Oji-Cree, Dakota, Dene Peoples, and the birthplace and homeland of the Red River Métis.

From: Jason Zanatta <jasonz@novoshield.ca>
Sent: February 26, 2026 2:32 PM
To: Heather Berthelette <hberthelette@tcig.biz>; Jeff Butler <jbutler@tcig.biz>; David Donnelly <david.donnelly@spirithealthcare.ca>
Subject: Spirit & Novo - congrats on SPA

Dear Heather David & Jeff,

I hope you're all doing well. I'm thrilled that we've all signed the Share Purchase Agreement. This is a huge milestone, and I'm full of gratitude that it all came together.

I am super excited to see Novo join the TCIG & Spirit group, which I believe so perfectly aligns with Novo's values. This feels like more than a deal—it's a partnership poised for real success & positive change.

A special shout-out to David—thank you for being such incredible go-between during negotiations, with outstanding leadership, patience, and positivity that kept the process moving fwd and positive!

With the SPA executed, we're set for a closing on March 17, 2026. I'll coordinate closely with our teams and counsel to finalize everything. If I can help in any way meantime, just say the word.

Here's to an amazing future together—can't wait to celebrate soon!

Warmest regards,

Jason

Jason Zanatta
CEO | President
Novoshield PPE Made in BC, Canada
M- 604-812-9385
E- jasonz@novoshield.ca

SHARE PURCHASE AGREEMENT

THIS AGREEMENT made as of the 24th day of February, 2026

AMONG:

JASON ZANATTA,
AS TRUSTEE OF THE ZANATTA FAMILY TRUST,
of the City of Coquitlam, British Columbia,
(the "**Vendor**")

- and -

1567420 B.C. LTD.,
a corporation incorporated under
the laws of British Columbia,
(hereinafter called the "**Purchaser**")

- and -

SPIRITRX SERVICES CORPORATION,
a corporation incorporated under
the laws of Manitoba,
(hereinafter called the "**Covenantor**")

WHEREAS the Vendor is the registered owner of all of the issued and outstanding shares of **NOVO TEXTILE COMPANY LTD.** (the "**Corporation**") as more particularly set out in Schedule 3.04 attached hereto;

AND WHEREAS the Vendor is desirous of selling to the Purchaser, and the Purchaser is willing and desirous to purchase, the Purchased Shares (as hereinafter defined), on the terms and conditions hereinafter set forth;

AND WHEREAS the Covenantor has joined in the making of this Agreement to the fullest extent of their corporate capacity for the purpose of agreeing to be bound by the terms of this Agreement and to guarantee the obligations of the Purchaser hereunder and to carry out and comply with the terms hereof; and

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties hereto), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.01 **Defined Terms.** For the purpose of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

(a) "Accounts Payable" means all trade and other accounts payable and other indebtedness and obligations to make payment relating exclusively to the Business at the Closing Date to the extent that such liabilities:

(i) were incurred in the ordinary course of business;

(ii) would be required by ASPE to be reflected on a balance sheet of the Corporation as current liabilities; and

(iii) are reflected on the Closing Financial Statements;

(b) "Accounts Receivable" means any and all *bona fide* accounts receivable not more than ninety (90) days old of the Corporation which are recorded as a receivable in the books and records of the Corporation, excepting any accounts receivable due from Affiliates;

(c) "Adjustment Notice Date" has the meaning set forth in Section 2.05(a);

(d) "Affiliate" means, with respect to any Person, (a) a director, officer, partner, member, manager, beneficiary or shareholder of such Person; (b) a spouse, parent, sibling or descendant of such Person (or spouse, parent, sibling or descendant of any director or executive officer of such Person); and (c) any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person;

(e) "Agreement" means this agreement and all schedules attached to this agreement, in each case as may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this agreement; and unless otherwise indicated, references to Articles and sections are to Articles and sections in this Agreement;

(f) "Ancillary Agreement" means any agreement entered into by, inter alia, the Purchaser or an Affiliate thereof, the Covenantor or an Affiliate thereof, the Vendor or an Affiliate thereof, or the Corporation or an Affiliate thereof, and delivered pursuant to the terms of this Agreement;

(g) "Applicable Law" means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transaction, event or other matter, including, without limitation, Environmental Laws, and Applicable Law shall also include, where appropriate, any interpretation of the Applicable Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation;

(h) "Arbitration Act" means the *Arbitration Act* (British Columbia);

(i) "Arbitration Rules" means, collectively, the rules under the Arbitration Act and the additional rules and procedures of arbitration set forth in ARTICLE 10;

(j) "Arbitrator" means the arbitrator to be appointed in accordance with Section 10.02;

(k) "ASPE" means the Canadian accounting standards for private enterprises as defined in the Chartered Professional Accountants of Canada Handbook - Accounting Part II, as applicable from time to time;

(l) "Benefit Plan" means each deferred compensation, bonus, incentive or other compensation, share option, purchase, severance, termination pay, hospitalization or other medical benefit, life or other insurance, vision, dental, drug, sick leave, disability, salary continuation, vacation, summer hours, supplemental unemployment benefits, profit sharing, mortgage assistance, pension or supplemental pension, retirement compensation, group registered retirement savings, deferred profits sharing, employee profit sharing, savings, retirement or supplemental retirement, and any other plan, fund, program, agreement, arrangement or scheme, whether funded or unfunded, formal or informal, written or unwritten, in each case, that is at any time sponsored or maintained or contributed to, or required to be sponsored or maintained or contributed to, by the Corporation and/or the Vendor in relation to the Corporation, or to which the Corporation and/or the Vendor makes or has made, or has or has had an obligation to make, contributions providing for employee benefits or for the remuneration, direct or indirect, of the Corporation, or to which the Corporation and/or the Vendor is a party relating to the Corporation, or bound by, or under which the Corporation and/or the Vendor has any liability, for the benefit of any of the current or former officers, directors, employees, consultants or independent contractors of the Corporation and/or any of their respective spouses, beneficiaries or dependents, other than under the *Workers' Compensation Act* (British Columbia).

(m) "Business" means, collectively:

(i) any prior business carried on by the Corporation;

(ii) the personal protective equipment and medical mask manufacturing business; and

(iii) the textile recycling business; and

(iv) any other business carried on by the Corporation from time to time in the future.

(n) "Business Day" means any day except Saturdays, Sundays, any statutory holidays in the Province of British Columbia;

(o) "Cash" means all cash and cash equivalents, bank balances, moneys in possession of banks and other depositories, term or time deposits, letters of credit and similar cash items, held by or for the accounts of the Corporation as of the Closing Date. For clarity, Cash shall include cheques and drafts received but not yet deposited, by the Corporation as at the Effective Time;

(p) "Closing" means the completion of the purchase and sale of the Purchased Shares pursuant to this Agreement on the Closing Date;

(q) "Closing Date" means March 17, 2026, or such other date as the parties may agree to in writing;

(r) "Closing Financial Statements" means the unaudited financial statements of the Corporation prepared on a "Review Engagement Report" basis in accordance with APSE and in a manner consistent with the Corporation's past practice for the fiscal period ended immediately prior to the Effective Time on the Closing Date, consisting of a balance sheet, an income statement and a statement of changes in financial position, together with the notes thereto;

(s) "Closing Time" means the time on the Closing Date when the Closing completes with effect as of the Effective Time, or any other time on the Closing Date as may be agreed by the Parties;

(t) "Confidential Communications" means, collectively:

(i) all privileged communications that arise out of and relate to the negotiation, documentation and consummation of this Agreement and the documents, agreements and instruments and the transactions contemplated herein between the Vendor and the Vendor's Counsel prior to and after Closing;

(ii) all communications that relate solely to the negotiation, documentation and consummation of this Agreement and the documents, agreement and instruments and the transactions contemplated herein between the Vendor and their advisors at Generational Equity or MNP LLP prior to the Closing, which for greater clarity, shall not include communications that relate to the advice given by MNP LLP to the Corporation prior to or after Closing; and

(iii) (iii) all of the foregoing originating from or received at a Corporation email address or any other email address used by the Vendor in connection with the Business prior to or after the Closing;

(u) "Current Assets" means Cash held in the bank account(s) of the Company, Accounts Receivable, Taxes receivables, Inventory, prepaid expenses and deposits of the Corporation, calculated in accordance with ASPE and consistent with the Corporation's past practices;

(v) "Current Liabilities" means Accounts Payable and accrued liabilities, 2025 Taxes Owing, salaries and wages payable, vacation payable by the Corporation, calculated in accordance with ASPE and consistent with the Corporation's past practices; PROVIDED that Current Liabilities shall not include:

(i) 2024 and Prior Taxes Owing;

(ii) Undisclosed Taxes;

(iii) NBC Indebtedness; and

(iv) any Indebtedness required to paid by the Vendor or the Vendor's Counsel from the Purchase Price pursuant to Section 2.04.

(w) "Data Processing System" has the meaning set forth in Section 3.21;

(x) "Dispute" has the meaning set forth in Section 10.01;

(y) "Draft Financials" has the meaning set forth in Section 2.05(a);

(z) "Effective Time" means 12:01 a.m. (Vancouver Time) on the Closing Date;

(aa) "Encumbrance" means any encumbrance, lien, charge, hypothec, pledge, mortgage, charge, title retention agreement, security interest of any nature, prior assignment, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, warrant, lease, sublease, right of possession, claim, right of pre-emption, privilege, restriction or any contract to create any of the foregoing, which affects, by way of conflicting ownership interest or otherwise, the right, title, or interest in or to any particular property, but specifically excludes any Permitted Encumbrances;

(bb) "Environment" means the environment or natural environment as defined in any Environmental Laws and includes air, surface water, ground water, land surface, soil, subsurface strata;

(cc) "Environmental Laws" means Applicable Laws relating to the protection of the Environment, and includes Applicable Laws relating to the storage, generation, use, handling, manufacture, processing, transportation, treatment, Release and disposal of Hazardous Substances;

(dd) "Excluded Assets" means all of the assets listed on Schedule 2.06 to this Agreement, which shall be specifically excluded from the transactions contemplated herein and shall not form part of the purchase and sale contemplated herein;

(ee) "Final Calculation" has the meaning set forth in Section 2.05(a);

(ff) "Financial Statements" means: (i) the financial statements of the Corporation for the periods ended December 31, 2024, December 31, 2023, and December 31, 2022, as attached hereto as Schedule 3.11(a), prepared on a Review Engagement Report basis and in a manner consistent with the Corporation's past practice;

(gg) "Financial Statements Date" means December 31, 2024;

(hh) "Fundamental Representations" has the meaning set forth in Section 5.01(c);

(ii) "Governmental Entity" means any entity or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to Canadian federal, provincial, local or municipal government, foreign, international, multinational or other government, including any department, commission, board, agency, bureau, sub-division, instrumentality, official or other regulatory, administrative or judicial authority thereof, and any non-governmental regulatory body to the extent that the rules and regulations or orders of such body have the force of Applicable Law;

(jj) "Hazardous Substances" means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods in excess of that permitted by Environmental Laws;

(kk) "Indebtedness" of the Corporation means, without duplication:

(i) all obligations of the Corporation for borrowed money or with respect to deposits or advances of any kind;

(ii) all obligations of the Corporation evidenced by bonds, debentures, notes or similar instruments;

(iii) all obligations of the Corporation upon which interest charges are customarily paid;

(iv) all obligations of the Corporation under conditional sale or other title retention agreements relating to property acquired by the Corporation;

(v) all obligations of the Corporation in respect of the deferred purchase price of property or services (excluding current accounts payable or Taxes payable incurred in the ordinary course of business);

(vi) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property owned or acquired by the Corporation, whether or not the Indebtedness secured thereby has been assumed;

(vii) all guarantees by the Corporation of Indebtedness of others;

(viii) all capital lease obligations of the Corporation;

(ix) all obligations, contingent or otherwise, of the Corporation as an account party in respect of letters of credit and letters of guarantee (other than letters of credit and letters of guarantee issued in support of current accounts payable incurred in the ordinary course of business);

(x) all obligations, contingent or otherwise, of the Corporation in respect of bankers' acceptances;

(xi) all obligations under any foreign exchange contract, currency swap agreement, foreign currency futures or options, exchange rate insurance or other similar agreement or combination thereof;

(xii) all obligations of the Corporation to purchase, redeem, retire, defease or otherwise acquire for value (other than for other equity securities) any equity securities of the Corporation, valued, in the case of redeemable equity securities, at the greater of voluntary or involuntary redemption price, plus accrued and unpaid dividends;

(xiii) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any Indebtedness of the types referred to above;

(xiv) NBC Indebtedness;

(xv) 2024 and Prior Taxes Owing; and

(xvi) Undisclosed Taxes.

(ll) "Indemnity Claim" means a claim made by a party hereto based on or with respect to the inaccuracy or non-performance or non-fulfillment or breach of any representation, warranty or covenant made by the respective other party contained in this Agreement;

(mm) "Independent Accountant" has the meaning set forth in Section 2.05(a);

(nn) "Intellectual Property" means intellectual property rights, whether registered or not, owned, or used by the Vendor or the Corporation for use in or relating to the Business, including trademarks, trade names, logos, copyrights, domain names, and including those intellectual property rights listed in Schedule 3.20;

(oo) "Interim Calculation" has the meaning set forth in Section 2.05(a);

(pp) "Interim Financial Statements" means the internal financial statements prepared by the internal accounting team and management of the Corporation for the six-month period ending December 31, 2025, as attached hereto as Schedule 3.11(b);

(qq) "Inventory" means all non-obsolete inventory of stock-in-trade and merchandise including materials, supplies, work-in-progress, finished goods, and purchased finished goods owned by the Corporation including those in possession of suppliers, customers and other third parties;

(rr) "Leased Premises" means all of the premises that are leased or occupied, or were previously leased or occupied, by the Corporation, as defined in Section 3.18 and as further described in Schedule 3.18 attached hereto;

(ss) "Licenses and Permits" means all of the licenses, permits, registrations and qualifications to do business held by the Corporation under Applicable Law;

(tt) "Losses" means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including legal fees, disbursements and charges on a solicitor-client basis and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided that* "Losses" shall not include punitive or exemplary damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party;

(uu) "Material Adverse Change" has the meaning set forth in Section 6.01(j);

(vv) "NBC" means National Bank of Canada;

(ww) "NBC Indebtedness" means all indebtedness for borrowed money and amounts owed by the Corporation to NBC, including without limitation with respect to a line of credit of the Corporation and any other indebtedness with NBC, as secured by NBC and as described in Schedule 1.01(ww);

(xx) "Objection Notice" has the meaning set forth in Section 2.05(a);

(yy) "Permitted Encumbrances" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any contract to create any of the foregoing that is listed on Schedule 1.01(yy) of this Agreement. For avoidance of doubt, Permitted Encumbrance shall not include: (i) the NBC Indebtedness; or (ii) 2024 and Prior Taxes Owing; or (iii) any Undisclosed Taxes, or any security interest, lien or claim granted or suffered in connection with such items;

(zz) "Person" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or Governmental Entity however designated or constituted;

(aaa) "Personal Information" means any information obtained by or in the possession of the Corporation about an identifiable individual, as defined in relevant Applicable Laws;

(bbb) "Personal Property" means machinery, equipment, electrical devices, antennae, cables, furniture, furnishings, office equipment, computer hardware, supplies, materials, inventory, vehicles, tools and spare parts and other tangible assets;

(ccc) "Premises Leases" has the meaning ascribed thereto in Section 3.18;

(ddd) "Purchase Price" means the aggregate purchase price for the Purchased Shares, as set out in Section 2.02 below and as adjusted pursuant to the terms of this Agreement;

(eee) "Purchased Shares" means sixty-four (64%) percent of the issued and outstanding shares in the capital of the Corporation owned by the Vendor, as set out in Schedule 3.04 attached hereto;

(fff) "Purchaser's Counsel" means Thompson Dorfman Sweatman LLP;

(ggg) "Related Party" means any Person who does not deal at arms' length with any other Person, where the question of whether Persons are not dealing with each other at arm's length will be determined in accordance with the applicable provisions of the Tax Act;

(hhh) "Release" has the meaning prescribed in any Environmental Law and includes any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of Hazardous Substances;

(iii) "Subsidiary" shall mean a corporation, company or other entity (i) if a share capital corporation, more than fifty per cent (50%) of whose outstanding shares or securities representing the right to vote for the election of directors or other managing authority are; or (ii) if otherwise (as may be the case in a partnership, joint venture or unincorporated association), more than fifty per cent (50%) of the ownership interest representing the right to make the decisions for such corporation, company or other entity is; now or hereafter, owned or controlled, directly or indirectly, as the case may be, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists;

(jjj) "Tax Act" means the *Income Tax Act* (Canada), as amended from time to time;

(kkk) "Taxes" or "Taxes and Governmental Charges" means, with respect to any Person, all taxes, fees, customs duties, rates, levies, assessments, reassessments and other charges, including income taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, government pension plan premiums and contributions, social security premiums, workers' compensation premiums, employment/unemployment insurance or compensation premiums and contributions, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, provincial sales taxes, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Entity and any instalments in respect thereof, together with any tax indemnity obligation, interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties, and whether disputed or not, and "Tax" means any one of such Taxes;

(lll) "Tax Returns" means all returns, reports, declarations, elections, notices, filings, information returns, and statements in respect of Taxes that are filed or required to be filed with any applicable Governmental Entity, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form;

(mmm)"Third Party Liability" has the meaning set forth in Section 7.07(b);

(nnn) "Undisclosed Taxes" means any Taxes and Governmental Charges owing by the Corporation that is based upon or relates to the tax liability of the Corporation for, or attributable to, a fiscal period ending prior to the Effective Time which were not disclosed in Schedule 3.24, together with any interest or penalties assessed thereon;

(ooo) "Vendor's Counsel" means Clark Wilson LLP;

(ppp) "Working Capital Closing Amount" means, as of the Effective Time on the Closing Date: (A) the sum of the Current Assets, minus (B) the sum of the Current Liabilities, calculated in accordance with ASPE and consistent with the Corporation's past practices and consistent with the manner illustrated in the sample calculation attached hereto as Schedule 1.01(ppp);

(qqq) "Working Capital Adjustment" has the meaning set forth in Section 2.05;

(rrr) "Working Capital Adjustment Date" has the meaning set forth in Section 2.05(a);

(sss) "Working Capital Target" means $2,500,000;

(ttt) "2024 and Prior Taxes Owing" means:

(i) the corporate income taxes;

(ii) Employer Health Tax;

(iii) GST; and

(iv) payroll remittances,

owing by the Corporation, including any interest and penalties assessed thereon, relating to 2024 and prior year-ends, as disclosed in Schedule 3.24, and shall include:

(i) Employer Health Tax owing by the Corporation relating to 2025 and up to the Closing Date;

(ii) GST relating to January 1, 2025 through to September 30, 2025; and

(iii) payroll remittances owing by the Corporation relating to 2025 and up to the Closing Date.

(uuu) "2025 Taxes Owing" means:

(i) the corporate income taxes relating to its 2025 taxation period; and

(ii) GST relating to October 1, 2025 to up to the Closing Date,

owing by the Corporation, as disclosed in Schedule 3.24, which for greater clarity, will not include:

(i) any interest or penalties assessed thereon;

(ii) Employer Health Tax relating to 2025 and up to the Closing Date;

(iii) GST relating to January 1, 2025 through to September 30, 2025; and

(iv) payroll remittances relating to 2025 and up to the Closing Date.

1.02 **Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in Canadian funds.

1.03 **Sections and Headings.** The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to a section or a Schedule refers to the specified section of or Schedule to this Agreement.

1.04 **Construction.** The parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

1.05 **Number, Gender, Persons, Interpretation.** In this Agreement, (i) words importing the singular number only shall include the plural and vice versa; (ii) words importing gender shall include all genders; (iii) the definitions herein shall apply equally to both the singular and plural forms of the terms defined; (iv) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms; and (v) the words "include", "includes", and "including" shall be deemed to be followed by the phrase "without limitation".

1.06 **Knowledge.** Any reference herein to "the best of knowledge" or "knowledge" of a party will be deemed to mean the actual knowledge of the party and the knowledge which they would have had if they had conducted a diligent inquiry into the relevant subject matter. For the purposes of this definition, "reasonably diligent inquiry into the relevant subject matter" will be satisfied by the Vendor having questioned the Corporation's senior management with respect to the relevant subject matter.

1.07 **Schedules and Exhibits.** The Vendor and the Purchaser each acknowledge and agree that the form and content of the following Schedules shall be agreed upon on or before the Closing Date, subject to the terms hereof, and shall thereafter be attached hereto and

incorporated into this Agreement. For certainty, any fact or item disclosed on any Schedule will be deemed to have been disclosed on those other Schedules for which it is reasonably apparent on the face of such disclosure that such disclosure has applicability to such other Schedules notwithstanding the omission of a cross-reference to such other Schedule.

Schedule	Description
1.01(ww)	NBC Indebtedness
1.01(yy)	Permitted Encumbrances
1.01(ppp)	Sample Working Capital Calculation
2.06	Excluded Assets
3.02	Corporate Names and Acquired Businesses
3.04	Authorized and Issued Capital; Purchased Shares
3.05	No Other Agreements to Purchase
3.11(a)	Financial Statements
3.11(b)	Interim Financial Statements
3.13	Exceptions to Absence of Changes
3.14	Dividends and Distributions
3.15	Material Contracts
3.17	Personal Property
3.18	Premises Leases
3.19	Bank Accounts
3.20	Intellectual Property
3.21	Data Processing System
3.22	Insurance
3.23	Guarantees
3.24	Taxes and Governmental Charges
3.25	Non-Arms' Length Transactions
3.26	Employees and Employee Matters
3.27	Benefit Plans
3.28	Worker's Compensation
3.29	Litigation
3.31	Partnerships and Ventures
3.32	Customers and Suppliers
3.34	Licenses and Permits
3.36	Consents
3.37	Exceptions to Compliance with Laws
8.02(a)(vii)	Employment Agreement for Jason Zanatta
8.02(a)(viii)	Shareholders' Agreement
8.02(a)(ix)	Non-Competition Agreement
8.02(a)(xiv)	Employment Agreement for Julie Zanatta
8.04	Details of Amalgamation

ARTICLE 2
PURCHASE AND SALE OF THE PURCHASED SHARES

2.01 **Purchase and Sale of Purchased Shares.** Subject to the terms of this Agreement, the Vendor hereby agree to sell, assign, and transfer to the Purchaser and the Purchaser hereby

agrees to purchase from the Vendor, on the Closing Date but effective as of the Effective Time, the Purchased Shares for the Purchase Price set out in Section 2.02 below, which Purchase Price shall be allocated among the Purchased Shares in the manner set out in Section 2.02. Notwithstanding the Closing Time on the Closing Date, the effective time of the transactions provided herein shall be the Effective Time on the Closing Date.

2.02 **Purchase Price.** The Purchase Price payable by the Purchaser to the Vendor for the Purchased Shares shall be the aggregate amount of Eight Million Nine Hundred Sixty Thousand ($8,960,000.00) Dollars, subject to the adjustments set out in this Agreement (as adjusted, the "**Purchase Price**").

2.03 **Purchase Price Payment.**

The Purchaser will pay and satisfy, and the Covenantor will guarantee payment of, the Purchase Price, subject to adjustments as set forth in Section 2.05, by wire transfer of immediately available funds or direct deposit of a solicitor's trust cheque to the Vendor's Counsel, in trust, on the Closing Date.

2.04 **Payment of Indebtedness with Purchase Price.**

(a) On Closing, the Vendor's Counsel shall, on behalf of the Vendor, use the Purchase Price proceeds and attend to the payment in full of the following Indebtedness and provide evidence of same to the Purchaser's Counsel and cause the release of any security registered against the Corporation in connection therewith, in accordance with the undertakings settled in connection with the Closing:

(i) NBC Indebtedness; and

(ii) 2024 and Prior Taxes Owing.

For greater certainty, the 2025 Taxes Owing shall be included in the Working Capital Adjustment (as herein defined).

(b) The Vendor shall attend to the payment in full of any Undisclosed Taxes as soon as reasonably possible, and in any event no later than thirty (30) days of becoming aware of any Undisclosed Taxes, provided that if such Undisclosed Taxes are a result of the Minister of National Revenue, the Minister of Finance for the Province of British Columbia, their authorized representative or any similar authority (the "**Tax Authority**") issuing an assessment or reassessment, then the Vendor shall attend to the payment in full of such Undisclosed Taxes as soon as reasonably possible, and in any event no later than thirty (30) days of the amount of such Undisclosed Taxes is determined:

(i) by the Tax Authority, if the assessment or reassessment is not disputed by the Vendor (at its sole cost) in good faith; or

(ii) by final settlement reached with the Tax Authority or by final determination by a court of competent jurisdiction, if the assessment or reassessment is disputed in good faith by the Vendor.

If the Vendor has disputed an assessment or reassessment in good faith, the Purchaser shall be entitled to require the Vendor to make any payment for Undisclosed Taxes under protest, which payment shall not be construed as an admission of the correctness of the assessment.

The Vendor and Purchaser shall provide commercially reasonable effort to cooperate in respect of any audit, examination, or investigation related to Undisclosed Taxes, to minimize any such Undisclosed Taxes, to respond to the Tax Authority, and to facilitate payment by the Vendor of the amount of any such Undisclosed Taxes.

Notwithstanding the foregoing, the Vendor shall not allow and shall forthwith remove and discharge or cause to be removed and discharged any Encumbrance that may be registered against the Corporation in connection with any Undisclosed Taxes. If the Vendor fails to remove or discharge any such Encumbrance within thirty (30) days of being notified of any such Encumbrance, the Purchaser shall be entitled to remove and discharge any such Encumbrance for and on behalf of the Vendor and the Vendor shall indemnify the Purchaser with respect to all costs incurred, payments made or actions taken to cause the removal or discharge of any such Encumbrance.

2.05 **Working Capital Adjustment.** Following completion of the Closing, the Purchase Price shall be adjusted upward or downward by an amount equal to the amount by which the Working Capital of the Corporation, calculated as at the Effective Time based on the Closing Financial Statements, is greater or lesser than the Working Capital Target (the "Working Capital Adjustment"), subject to the following provisions:

(a) As soon as reasonably possible, and in any event no later than one hundred and twenty (120) days following the Closing Date (the "Adjustment Notice Date"), the Vendor, at the cost of the Corporation, shall deliver the draft Closing Financial Statements and draft corporate income tax returns (in form and content suitable for filing with Canada Revenue Agency upon verification thereof) prepared by the Corporation's chartered professional accountants, at the Corporation's sole expense, for the fiscal period ending immediately prior to the Closing Date (the "Draft Financials"), together with a detailed draft calculation of the Working Capital Adjustment (the "Interim Calculation"). The Purchaser and the Purchaser's chartered professional accountants shall be entitled to confirm the accuracy of the Draft Financials and the Working Capital Calculation within the thirty (30) days following the Adjustment Notice Date (the "Working Capital Adjustment Date"). During such thirty (30) day period, the Purchaser shall be entitled to deliver to the Vendor a notice of objection (the "Objection Notice") setting out in writing and in reasonable detail the basis for the objection. If the Purchaser delivers an Objection Notice to the Vendor, then the Vendor and the Purchaser, and their respective

chartered professional accountants and advisors, shall consult with each other in good faith with respect to the objection. The resulting agreed upon Closing Financial Statements and final calculation of the Working Capital Adjustment based thereon (the "Final Calculation") will be final and binding on the parties. For clarity, in the event no Objection Notice is given by the Purchaser on or prior to the Working Capital Adjustment Date, the Draft Financials and the Interim Calculation shall form the Closing Financial Statements and Final Calculation for the purposes of this Agreement. In the event the parties are unable to reach an agreement on the Closing Financial Statements and the Final Calculation on or before the Working Capital Adjustment Date, then any amounts not in dispute shall be released to the Vendor or the Purchaser, as applicable, and the dispute shall be referred to such qualified independent accountant and/or certified business valuator as may be mutually agreed upon (the "Independent Accountant"), whose determination will be final and binding. If the parties are unable to agree upon an Independent Accountant, they shall apply to the British Columbia Supreme Court to have one appointed for them. The fees and expenses of the Independent Accountant shall be borne equally by the Purchaser and the Vendor.

(b) During the period from the Closing Date until the Adjustment Notice Date, the Purchaser will, and will cause the Corporation to give the Vendor and their authorized agents and representatives such assistance and access to the books and records of the Corporation as the Vendor and such agents and representatives may reasonably request in order to enable the Corporation's chartered professional accountants to complete the Draft Financials and the Interim Calculation.

(c) To the extent there is any increase or decrease to the Purchase Price as a result of the Working Capital Adjustment reflected in the Final Calculation after giving effect to this Section 2.03:

(i) in the event that the Working Capital Adjustment as reflected in the Final Calculation is a positive amount (i.e. the Working Capital exceeds the Working Capital Target), then the aggregate Purchase Price payable hereunder shall be increased by sixty-four (64%) percent of such amount, such increase to be deemed effective as of the Effective Time on the Closing Date; or

(ii) in the event that the Working Capital Adjustment as reflected in the Final Calculation is a negative amount (i.e. the Working Capital is less than the Working Capital Target), then the aggregate Purchase Price payable hereunder shall be decreased by sixty-four (64%) percent of such amount, such decrease to be deemed effective as of the Effective Time on the Closing Date.

The amount of the Working Capital Adjustment shall be paid to the party it is owed by wire transfer, bank draft or solicitor's trust cheque within ten (10) days of final determination of the Final Calculation.

2.06 **Excluded Assets.** The Excluded Assets listed on Schedule 2.06, including the Confidential Communications, are specifically excluded from the purchase and sale contemplated herein and will be removed from the Corporation prior to Closing and will not form assets of the Corporation on the Closing Date. All costs and liabilities in connection with the transfer of the Excluded Assets shall be borne by the Vendor. If the Vendor wishes to remove any other assets from the Corporation prior to the Closing Date in addition to the Excluded Assets, prior written approval of the Purchaser will be required, which approval may be arbitrarily or withheld in the sole discretion of the Purchaser.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser and acknowledges that the Purchaser is relying on all of the following representations and warranties that, as at the Closing Date:

3.01 **Vendor Organization; Capacity.** The Vendor is established and validly subsisting under the laws of British Columbia and has the necessary power and authority to enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party and to consummate all transactions contemplated hereby and thereby.

3.02 **Incorporation and Organization.** The Corporation is incorporated and organized and validly subsisting under the laws of British Columbia and has the necessary power and authority and is qualified to own, lease and dispose of its properties and assets and to carry on the Business. The Corporation is a "private company", as defined in the *Securities Act* (British Columbia). No act or proceeding has been taken by or against the shareholders of the Corporation in connection with the dissolution, liquidation, winding-up, bankruptcy or reorganization of the Corporation. In the past five (5) years, except as disclosed in Schedule 3.02, the Corporation has not operated under any name other than its applicable corporate name. Except as disclosed in Schedule 3.02, the Corporation has not acquired any business or changed its principal place of business in the five (5) year period ended on the Closing.

3.03 **Qualification.** The Corporation is registered and qualified to carry on the Business, is up-to-date in the filing of its annual reports with the British Columbia corporate registry and is in good standing in the Province of British Columbia, being the only jurisdiction in which the Corporation conducts the Business and the only jurisdiction in which the Corporation owns or leases property or assets.

3.04 **Authorized and Issued Capital.** The authorized capital of the Corporation is as set forth in Part I of Schedule 3.04 attached hereto, of which the only shares which are duly issued and are outstanding as fully paid and non-assessable shares are as set forth in Part II of Schedule 3.04 attached hereto. No other shares or other securities of the Corporation have been issued in violation of any laws, the articles or other constating documents of the Corporation or the terms of any shareholders' agreement or any agreement to which the Corporation is a party or by which it is bound.

3.05 **No Other Agreements to Purchase.** Except for the Purchaser pursuant to this Agreement, no Person has any agreement, option, understanding or commitment, or any right or

privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of, or conversion into, any of the issued or unissued shares in the capital of the Corporation and, in particular, the Purchased Shares, and no Person has any right or may become entitled to any right relating to voting and dividend rights or to the transferability of the Purchased Shares. Except as disclosed in Schedule 3.05 of this Agreement, the Corporation and its shareholders have not entered into a shareholders' agreement.

3.06 **Power to Sell.** The Vendor is the sole registered and legal owner of the Purchased Shares with good and marketable title thereto, free and clear of any and all Encumbrances other than the Permitted Encumbrances. The Vendor has full legal right, power and authority to sell, assign and transfer the Purchased Shares owned by the Vendor to the Purchaser free and clear of any Encumbrances other than the Permitted Encumbrances. Neither this Agreement nor the sale of the Purchased Shares hereunder contravenes, breaches or results in any default under any trust agreement, indenture, mortgage, lease, agreement, licence, permit, article, statute, regulation, order, judgement, decree, or law. Subject to the provisions of the constating documents of the Corporation, there are no agreements or restrictions on the transferability of the Purchased Shares (or any of the issued and unissued shares of the Corporation or any voting rights attaching to such shares).

3.07 **No Violation or Conflict.** The execution and delivery of this Agreement by the Vendor and the consummation of the transactions herein provided for do not result in the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligation of:

(a) any contract, license or permit, to which the Vendor or the Corporation is a party;

(b) any trust declaration or agreement to which the Vendor is bound;

(c) any judgment, decree, order or award of any court, Governmental Entity or arbitrator issued in respect of the Vendor or the Corporation; or

(d) to the Vendor's knowledge, any law, statute, ordinance, regulation or rule applicable to the Vendor, the Corporation, or the Business.

Except as disclosed in Schedule 3.36, no consent or approval of any Person is required and no notice is required to be delivered to any Person in connection with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement or to permit the Corporation to carry on the Business after the Closing as the Business is currently carried on by the Corporation.

3.08 **Due Execution; Enforceability.** This Agreement has been duly executed and delivered by the Vendor and is a legal, valid and binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms, except to the extent:

(a) enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally; and,

(b) that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

The Vendor is not an "insolvent person" within the meaning of the *Bankruptcy and Insolvency Act* (Canada).

3.09 **Corporate Records.** The share certificates, central securities register and register of directors of the Corporation contained in the minute books of the Corporation, which have been made available to the Purchaser, are complete and accurate. The constating documents, including all amendments thereto, and the minutes and resolutions of shareholders and directors contained in the minute books of the Corporation, are complete and accurate.

3.10 **Subsidiaries.** The Corporation does not own, in whole or in part, directly or indirectly, any Subsidiaries, and it does not own any securities issued by, or any equity or ownership interest in, any other Person and is not subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Person, except as otherwise set forth in this Agreement.

3.11 **Financial Statements.** The Financial Statements have been prepared in accordance with ASPE and consistent with past practices of the Corporation. The Interim Financial Statements have been internally prepared by the management of the Corporation. The Financial Statements are true, correct and complete in all material respects and present fairly, completely and accurately the financial position of the Corporation and the results of its operations as of the dates and through the periods indicated. All material financial transactions of the Corporation have been recorded in the financial books and records of the Corporation in accordance with typical industry-standard business practices.

3.12 **Liabilities and Indebtedness.** There are no liabilities, obligations, indebtedness or other commitments (contingent or otherwise) of the Corporation of any kind whatsoever, and there is no basis for assertion against any of the Corporation of any liabilities, obligations, indebtedness or other commitments of any kind, other than:

(a) liabilities disclosed or reflected in or provided for in the Financial Statements;

(b) liabilities incurred since the Financial Statements Date which were incurred in the ordinary course of the routine daily affairs of the Business and, in the aggregate, are not materially adverse to the Business; and

(c) other liabilities specifically disclosed in this Agreement or in the Schedules attached hereto.

Except as disclosed in the Financial Statements, the Corporation does not have any bonds, debentures, promissory notes, mortgages or other indebtedness maturing more than one (1) year after the date of their creation or issuance, and the Corporation is not under any obligation to create or issue any bonds, debentures, promissory notes, mortgages or other indebtedness maturing more than one (1) year after the date of their creation or issuance.

3.13 **Absence of Change.** Since the Financial Statements Date, the Corporation has not, except as otherwise disclosed herein or in Schedule 3.13 attached hereto:

(a) incurred any obligation or liability (fixed or contingent), except normal trade or business obligations incurred in the ordinary course of its Business, none of which is materially adverse to the Business;

(b) paid or satisfied any obligation or liability (fixed or contingent), except:

(i) current liabilities incurred since the Financial Statements Date in the ordinary course of its Business; and

(ii) scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in this Agreement or in the Schedules hereto;

(c) mortgaged, pledged, granted a security interest in or otherwise created any Encumbrance on or over any of its properties or assets, except in the normal course of its Business and in amounts which, individually and in the aggregate are not material to the financial condition of the Corporation or operation of its Business;

(d) sold, assigned, transferred, leased or otherwise disposed of any of its properties or assets, except in the ordinary course of its Business;

(e) purchased, leased or otherwise acquired any properties or assets, except in the ordinary course of its Business;

(f) waived, cancelled or written off any rights, claims, receivables or any amounts payable to the Corporation, except in the ordinary course of its Business;

(g) entered into any transaction, contract, agreement or commitment, except in the ordinary course of its Business;

(h) terminated, discontinued, closed or disposed of any part of its Business operations;

(i) suffered any damage, destruction or loss (whether or not covered by insurance) which has materially adversely affected or could materially adversely affect the Corporation, its Business or condition;

(j) increased any form of compensation or other benefits payable or to become payable to any of its employees, other than in the ordinary course of its Business where set out in writing, evidence of which has been provided to the Purchaser;

(k) suffered any extraordinary loss relating to its Business;

(l) amended its constating documents;

(m) issued or sold any shares or other securities or issued, sold or granted any option, warranty or right to purchase any shares or other securities; or

(n) authorized, agreed or otherwise become committed to do any of the foregoing.

3.14 **Dividends and Distributions.** Since the Financial Statements Date, the Corporation has not declared or paid any dividend or made any other distribution on any of its respective shares of any class, or redeemed or purchased or otherwise acquired any of its shares of any class, or reduced its authorized capital or issued capital, or agreed to any of the foregoing, except as disclosed in Schedule 3.14.

3.15 **Material Contracts.** Schedule 3.15 attached hereto lists or describes each agreement, arrangement and commitment (whether oral or written) to which the Corporation is bound or by which any of their respective assets or Business is affected, which involves or may reasonably be expected to involve a payment to or by the Corporation of One Hundred Thousand ($100,000.00) Dollars or more or which is otherwise material to the operation of the Business. The Vendor have provided the Purchaser with a true and complete copy of each Material Contract listed in Schedule 3.15, including all amendments thereto. The Corporation is not currently renegotiating the terms of any Material Contract. The Corporation is not in default or breach of its obligations under any one or more contracts, agreements (written or oral), commitments, indentures or other instrument to which it is a party or by which it may be bound, and there exists no state of facts which, after notice or lapse of time, or both, would constitute such a default or breach thereof.

3.16 **Inventory.** The Inventory of the Corporation set forth in the Financial Statements was properly stated therein at the lesser of cost or fair market value determined in accordance with ASPE consistently applied in accordance with past practices. All such Inventory is owned free and clear of all Encumbrances. All of the Inventory recorded on the Financial Statements, and to be recorded on the Closing Financial Statements, consist of items of a good and merchantable quality usable or saleable in the normal course of business consistent with past practices and are in quantities sufficient for the normal operation of the Business in accordance with past practice and at the rate of production and sales currently projected by the Corporation, including packaging, raw materials, work in progress and finished products. The Corporation has not received written or oral notice that it will experience in the foreseeable future any difficulty in obtaining, in the quantity and quality needed and at prevailing market prices, terms and conditions, the raw materials, supplies or component products, required for the production and sale of the Corporation's products in the ordinary course of business consistent with past practice. The values at which inventories are stated in the Financial Statements reflect the inventory valuation policy of the Corporation, which is in accordance with ASPE consistently applied in accordance with past practices. No previously sold Inventory is subject to returns in excess of those historically experienced by the Corporation.

3.17 **Ownership of Assets.** The Corporation owns, possesses and has a good and marketable title, free and clear of all Encumbrances whatsoever, to all the properties and assets used in connection with the Business, including without limitation, all properties and assets reflected in the Financial Statements, and all properties and assets acquired by the

Corporation after the Financial Statements Date, free and clear of all Encumbrances whatsoever, except for:

(a) the Permitted Encumbrances;

(b) the properties and assets disposed of, utilized or consumed by the Corporation since the Financial Statements Date in the ordinary course of the Business;

(c) any assets, property, or equipment leased by the Corporation;

(d) liens for taxes not yet due and payable; and

(e) as of the Closing Date, the Excluded Assets.

No other Person owns any assets, including without limitation, all Personal Property, which are being used in the Business, except for the Leased Premises. All of the Personal Property of the Corporation, a complete list as of the date hereof which is attached hereto as Schedule 3.17, is in good operating condition, subject to ordinary wear and tear, and is located on the Leased Premises.

3.18 **Premises Leases.** The Corporation does not own or lease and has not agreed to acquire or lease any real property or interest in real property other than the Leased Premises under the Premises Lease. The Premises Lease is in full force and effect, unamended by oral or written agreement, and the Corporation is entitled to the full benefit and advantage of the Premises Lease in accordance with the terms thereof. The Premises Lease is in good standing and there has not been any unremedied material default by the Corporation under the Premises Lease nor is there any dispute between the Corporation and the landlord under such Premises Lease. The Premises Lease has not been assigned by the Corporation in favour of any Person. To the Vendor's knowledge, the use of the Leased Premises by the Corporation, past and present, is and has at all times been in material compliance with Applicable Law including, without limitation, Environmental Laws. Except to the extent set out in Schedule 3.18 attached hereto, no consent is required from any landlord or other Person with respect to the Leased Premises in order to complete the purchase under this Agreement.

3.19 **Bank Accounts and Powers of Attorney.** The only bank, trust company or similar institutions in which the Corporation has accounts or safe deposit boxes is/are as listed in Schedule 3.19 attached hereto, which includes a listing of the name and bank account numbers for each such account and the names of all individuals authorized to draw on the accounts or who have access to the safety deposit boxes. The Corporation has not granted any Person a power of attorney.

3.20 **Intellectual Property.** Schedule 3.20 contains a complete and accurate list of all Intellectual Property owned ("Corporation's Owned Intellectual Property") or licensed by the Corporation ("Corporation's Licensed Intellectual Property"), and the Corporation is the first and only owner of the Corporation's Owned Intellectual Property and is entitled to the exclusive and uninterrupted use of the Corporation's Owned Intellectual Property without payment of any royalty or other fees. Except as disclosed in Schedule 3.20, there

are no registrations or applications for registration of the Corporation's Owned Intellectual Property. To the Vendor's knowledge, the conduct by the Corporation of the Business does not infringe upon any intellectual property or other proprietary rights of any other Person. Except as set forth in Schedule 3.20, no claims have been asserted or to the Vendor's knowledge, are threatened by any Person alleging that the conduct of the Business, including use of the Corporation's Owned Intellectual Property infringes upon any of their intellectual property rights. To the Vendor's knowledge, there are no valid grounds for any such *bona fide* claims by any such Persons alleging a conflict with or infringement of their intellectual property rights. The Corporation's Intellectual Property constitutes all Intellectual Property necessary for the conduct by the Corporation of the Business as presently conducted. To the Vendor's knowledge, no Person is currently infringing any of the Corporation's Owned Intellectual Property.

3.21 **Data Processing.** Schedule 3.21 attached hereto sets out:

(a) a brief description of the data processing system utilized by the Corporation (the "Data Processing System"); and

(b) a list of all agreements including warranties, leases and licenses relating to the Data Processing System.

The Data Processing System adequately meets the data processing needs of the Business and operations of the Corporation as presently conducted. The Corporation has taken appropriate action by instruction, agreement or otherwise with its employees or other persons permitted access to system application programs and data files used in the Data Processing System to protect against unauthorized access, use, copying, modification, theft and destruction of such programs and files. In the past five (5) years, to the Vendor's knowledge, the Corporation's software systems have not been the subject of a cyber attack that has resulted in the loss or disclosure of any of its customer information or financial information. The data processing and data storage facilities of the Corporation are adequate and properly protected. The Corporation has arranged for back-up data processing services adequate to meet its data processing needs in the event the Data Processing System or any of its components is rendered temporarily or permanently inoperative as a result of a natural or other disaster.

3.22 **Insurance.** Particulars of the insurance policies maintained by the Corporation are set out in Schedule 3.22 attached hereto. All of the assets of the Corporation are covered by fire and other insurance with responsible insurers against such risks and in such amounts as are commercially reasonable for owners of comparable assets, and as of the date hereof, the Corporation is not in default with respect to any of the material provisions contained in any such insurance policy or has failed to give any notice or present any material claim under any such insurance policy in a due and timely fashion, and none of the Vendor nor the Corporation have received notice from any insurer denying any claim. The Vendor has provided the Purchaser with a true copy of each of the insurance policy(s) referred to in Schedule 3.22, including all amendments and renewals.

3.23 **Guarantees.** Except as referred to in Schedule 3.23, the Corporation is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Person.

3.24 **Taxes.** Except as disclosed in Schedule 3.24:

(a) the Corporation has prepared and filed with all appropriate Governmental Entities, all tax returns, declarations, remittances, information returns, reports and other documents required to be filed in respect of all Taxes and Governmental Charges or in respect of any other provision in any domestic or foreign, federal, provincial, state, municipal, local, territorial or other taxing statute for all fiscal periods ending prior to the date hereof;

(b) the Corporation has paid in full all Taxes and Governmental Charges arising on or before the Closing Date;

(c) the Corporation does not have any liability for Taxes and Governmental Charges other than those to be provided for in the Financial Statements and those arising in the ordinary course of the operation of the Business since the Financial Statements Date;

(d) Canadian federal and provincial income tax assessments have been issued covering all past periods up to and including the fiscal year ended December 31, 2024 in respect of the Corporation, and there are no actions, suits or other proceedings, investigations, enquiries or claims now threatened or pending against the Corporation in respect of Taxes and Governmental Charges, there are no reassessments of the Corporation's Taxes and Governmental Charges that have been issued and are outstanding and there are no outstanding issues which have been raised and communicated to the Corporation by any Governmental Entity for any taxation year in respect of which a tax return of the Corporation has been audited. The Corporation is not subject to any outstanding, pending or otherwise unresolved challenge or dispute by any Governmental Entity in respect of Taxes and Governmental Charges or of any returns, filings or other reports filed under any statute providing for Taxes and Governmental Charges. The Corporation is not negotiating any draft assessment or reassessment with any Governmental Entity, and the Vendor is not aware of any contingent liabilities for Taxes and Governmental Charges or any grounds for an assessment or reassessment with any Governmental Entity, or any contingent liabilities for Taxes and Governmental Charges, any grounds for an assessment or reassessment of the Corporation, including, without limitation, unreported benefits conferred on any shareholder of the Corporation, or incorrect treatment of income, expenses, credits or other claims for deduction under any return or notice other than as disclosed and provided for in the Financial Statements. Neither the Corporation nor the Vendor have received any indication from any Governmental Entity that an assessment or reassessment of the Corporation is proposed in respect of any Taxes and Governmental Charges, regardless of its merits; and

(e) the Corporation has withheld from each amount paid or credited to any Person the amount of Taxes and Governmental Charges required to be withheld therefrom and has remitted such Taxes and Governmental Charges to the proper tax or other receiving authorities within the time required under applicable legislation. The Corporation has remitted all Canada Pension Plan contributions, provincial pension plan contributions, unemployment and employment insurance premiums, employer health taxes and other Taxes and Governmental Charges payable by it in respect of its employees, if any, and has remitted such amounts to the proper Governmental Entity within the time required under the applicable legislation. The Corporation has charged, collected and remitted on a timely basis all Taxes and Governmental Charges as required under applicable legislation on any sale, supply or delivery whatsoever, made by the Corporation.

3.25 **Non-Arm's Length Transactions.**

(a) Except for amounts owing pursuant to the Employment Contracts as disclosed in Schedule 3.26 attached hereto, or as otherwise disclosed in Schedule 3.25 attached hereto, the Corporation is not a party to or bound by any agreement with, is indebted to, and no amount is owing to it by the Vendor. Since the Financial Statements Date, the Corporation has not made any payment or loan to the Vendor or any Related Party to the Vendor except for salaries and other employment compensation payable to the Vendor in the ordinary course of the routine daily affairs of the Business and at the regular rates payable to them.

(b) Except as disclosed in Schedule 3.25, the Corporation does not have any outstanding agreements with any Related Party to the Vendor or any Affiliate of a Vendor and no Related Party to the Vendor or any Affiliate of a Vendor is a customer or supplier to the Corporation.

(c) Except as disclosed in Schedule 3.25, no director, officer or shareholder of the Corporation and no Related Party to any such director, officer or shareholder: (i) owns, directly or indirectly, any interest in, or is a director, officer, employee of or consultant to, any Person which is, or is engaged in a business which is a competitor of the Corporation; or (ii) owns, directly or indirectly, in whole or in part, any interest in assets that the Corporation uses in the conduct of the Business; or (c) has any cause of action or other claim whatsoever against, or owes any amount to the Corporation.

3.26 **Employees.**

(a) Schedule 3.26 attached hereto contains a complete list of all of the employees of the Corporation as of the date of this Agreement setting forth their names, position, status, length of service, compensation and benefits.

(b) All vacation, holiday, sick-leave and overtime pay due and payable to the employees of the Corporation has been accrued in the ordinary course of Business

and has been properly recorded and accrued in the books and records of the Corporation as accrued liabilities.

(c) Except as set out on Schedule 3.26, the Corporation is not a party to or bound by any contracts or requirements of Applicable Law in respect of any employee or former employee. No employee of the Corporation is employed under a verbal or written agreement for a specified term or on terms restricting the right of the Corporation to terminate the employment of such employee, except for those employees who are employed on an indefinite term basis for whom reasonable notice of termination, in the absence of cause, is required by Applicable Law.

(d) To the Vendor's knowledge, the Corporation has in all material respects operated in compliance with all Applicable Laws relating to the employment of its employees, including labour standards, labour relations, occupational health and safety, human rights, workers' compensation, pay equity, employment equity and employee privacy laws, and there are no outstanding actions or claims against the Corporation and, to the knowledge of the Vendor, no pending or threatened actions or claims against the Corporation and nothing has occurred which might lead to an action or claim against the Corporation under any such Applicable Laws.

(e) The Corporation is not a party to any collective bargaining agreement, nor is the Corporation currently engaged in any labour negotiation or any unfair labour practice, and to the best of the knowledge of the Vendor, the Corporation is not the subject of any current unionization effort.

3.27 **Pension and Benefit Plans.**

(a) The Benefit Plans set out in Schedule 3.27 hereto are the only plans, programs or policies relating to the employees, former employees or the Business to which the Corporation is a party or by which any is bound or under which the Corporation has any liability. The Corporation does not have and are not subject to any pension plan.

(b) True and complete copies of all written Benefit Plans and summaries of all oral Benefit Plans have been provided to the Purchaser together with current, true, correct and complete copies of the following documents related thereto: (i) current and complete copies of all booklets, summaries or other written communications of a general nature distributed to the employees concerning any Benefit Plans; and (ii) trust agreements, funding agreements, participation agreements and any insurance agreements related thereto.

(c) All employer and employee contributions and other acts required to have been made or done by the Corporation pursuant to any Benefit Plan or Applicable Law have been made within the prescribed time periods and there are no outstanding defaults or violations thereunder by the Corporation, and the Vendor has no knowledge of any default or violation by any party to any Benefit Plan.

(d) There is no claim (other than routine claims for payment of benefits) pending or threatened involving any Benefit Plan, nor to the knowledge of the Vendor do any facts exist which could reasonably be expected to give rise to a claim (other than routine claims for benefits) from any applicable Governmental Entity or any other Person.

(e) Except as disclosed in Schedule 3.27 hereto, the Corporation has not been in breach of any fiduciary obligation with respect to the administration of the Benefit Plans or funds related thereto.

(f) There have been no improvements, increases or changes to, or promised improvements, increases or changes to, the benefits provided under any Benefit Plan that are not disclosed in the material delivered or made available to the Purchaser.

(g) There are no unfunded liabilities (actuarial or otherwise), past service unfunded liabilities or solvency deficiencies respecting any of the Benefit Plans.

(h) The consummation of the transactions contemplated by this Agreement does not, to the Vendor's knowledge, accelerate the time of payment or vesting under the Benefit Plans or increase any benefits otherwise payable under a Benefit Plan.

(i) Except as disclosed in Schedule 3.27, no Benefit Plan provides benefits, including, without limitation, death or medical benefits (whether or not insured), with respect to employees or former employees of the Corporation beyond their retirement or other termination of service, other than coverage mandated by Applicable Law.

3.28 **Worker's Compensation.** Except as disclosed in Schedule 3.28, the Corporation is in good standing under the *Workers' Compensation Act* (British Columbia) and has made all required payments to the Workers' Compensation Board of B.C. (WorkSafeBC), and there are no outstanding investigations under the *Workers' Compensation Act* (British Columbia) against the Corporation or, to the Vendor's knowledge, no complaints filed with the Workers' Compensation Board of B.C. (WorkSafeBC).

3.29 **Litigation.** Except as set out in Schedule 3.29, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure; investigation or inquiry by any Governmental Entity, or administrative or regulatory body; or any similar body; or any similar matter or proceeding against or involving the Corporation or affecting the Business or operations of the Corporation (whether in progress or threatened) and no event has occurred which might give rise to any of the foregoing. There is no judgment, decree, injunction, rule, award or order of any court, government department, board, commission, agency, arbitrator, or similar body outstanding against the Corporation.

3.30 **Restrictions on Doing Business.** The Corporation is not a party to or bound by any agreement or subject to any legislation or any judgment, order or requirement of any court or Governmental Entity which would restrict or limit its rights to carry on any business or activity or to solicit business from any Person or in any geographical area or otherwise to

conduct its Business as it may determine. To the knowledge of the Vendor, there are no facts or circumstances which materially adversely affect the ability of the Corporation to continue to operate its Business as presently conducted following the completion of the transactions contemplated by this Agreement.

3.31 **Partnerships and Ventures.** Except as set out in Schedule 3.31 attached hereto, the Corporation is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind, nor is the Corporation a party to any agreement under which it agrees to carry on any part of its Business or any other activity in such manner or by which it agrees to share any revenue or profit with any other Person.

3.32 **Customers and Suppliers.**

(a) No service is provided by the Corporation to any customer in exchange for payment in kind. The Corporation has not made any commitment to provide service to any customer without charge or at rates that are below market rates. The Corporation is obligated to provide any performance bonds, letters of credit or other means of financial assurance to any customer or supplier thereof pursuant to any agreement to which the Corporation is a party or is bound.

(b) Except as specifically described in Schedule 3.32, the Corporation has not received from, and none is liable to, any customer of the Business for any deposit, or other prepaid amount.

(c) Schedule 3.32 contains a true and correct list setting forth the ten (10) largest customers and the ten (10) largest suppliers of the Business of the Corporation by dollar amount for the twelve month period ended December 31, 2024. Subject to the requirement to obtain the consents described in Section 3.36 hereof, neither the Corporation nor the Vendor have received a written notice of the intention of any such customer or supplier to terminate, cancel or materially alter the current relationship between the Corporation and any customer or supplier listed on Schedule 3.32. The Vendor have delivered to the Purchaser true and complete copies of all written agreements with any such customer or supplier, and where any such agreement is oral, a summary of the terms thereof. The Vendor has no reason to believe that the benefits of any relationship with any customers or suppliers listed on Schedule 3.32 will not continue after the Closing Date in substantially the same manner as prior to the date of this Agreement. Other than the customers listed in Schedule 3.32, no single customer of the Corporation as of the date hereof accounts for more than one percent (1 %) of its respective annual revenue.

3.33 **Receivables.** The receivables are valid obligations owing to the Corporation which arose in the ordinary course of its Business and will be collected in the ordinary course of Business, in the aggregate, at their full face value. Such receivables are not subject to any defence, set off or counterclaim. None of the receivables is due from a Subsidiary or Affiliate of the Corporation.

3.34 **Licenses and Permits.** The Corporation holds all of its Licences and Permits free and clear of any and all Encumbrances. All the Licences and Permits are listed in Schedule 3.34 attached hereto and are in full force and effect, the Corporation is not in violation of any term or provision or requirement of any such Licences and Permits, and no Person has threatened to revoke, amend or impose any condition in respect of, or commenced proceedings to revoke, amend or impose conditions in respect of, any Licence or Permit.

3.35 **Product Liability & Warranty Claims.** Each product developed, sold or delivered by the Corporation has been in conformity in all material respects with all product specifications and all express or implied warranties. The Corporation has not sold any products or delivered any services that included a warranty for a period of longer than one (1) year. Each of the products sold by the Corporation is, and at all times up to and including the sale thereof has been, (i) in conformity in all material respects with all product specifications and all express and implied warranties, (ii) in compliance with all Applicable Laws and regulations, and (iii) fit for the ordinary purposes for which it is intended to be used. There is no design defect with respect to any of such products which will give rise to any liability and each of such products contains adequate warnings, presented in a reasonably prominent manner, in accordance with Applicable Laws, rules and regulations and current industry practice with respect to its contents and use. There are no claims, nor, to the knowledge of the Vendor, are there any circumstances which could reasonably be expected to give rise to a claim, against the Corporation on account of product warranties or with respect to the production, processing or sale of defective or inferior products.

3.36 **Consents.** Schedule 3.36 contains a complete list of all the contracts, agreements and Licenses and Permits which, by their terms, will require the consent of another Person in order to complete the purchase of the Purchased Shares hereunder.

3.37 **Compliance with Laws.** Except as disclosed in Schedule 3.37, to the Vendor's knowledge, the Corporation is conducting and has conducted the Business in material compliance with all Applicable Laws. In the past five (5) years, no notice or other communication from any Governmental Entity has been received by the Corporation or the Vendor which alleges any material failure by it to comply with any Applicable Laws.

3.38 **Brokers.** Except for Generational Equity, neither the Vendor or the Corporation has engaged any broker or other agent in connection with the transactions contemplated hereby and, accordingly, there is no commission, fee or other remuneration payable to any broker or agent who purports or may purport to act or have acted for the Corporation.

3.39 **Residency.** The Vendor is not a non-resident within the meaning of Section 116 of the Tax Act.

3.40 **Privacy.** The Corporation is conducting the Business in compliance with all applicable laws governing privacy and the protection of Personal Information, including the British Columbia *Personal Information Privacy Act* ("PIPA"), other than acts of non-compliance which individually or in the aggregate are not material. There is no requirement to obtain any consent, approval or waiver of any Person under applicable laws governing privacy and the protection of Personal Information, including PIPA, in connection with the due

diligence investigation, negotiation, preparation, execution and performance of this Agreement and the transactions contemplated by it except for the consents, approvals and waivers obtained prior to the date of this Agreement or the failure of obtaining such consent, approval or waiver is not individually or in the aggregate material.

3.41 **Reportable and Notifiable Transactions.** The Vendor has not engaged in any transaction(s) contemplated by this Agreement that is or could be a "reportable transaction" as defined in subsection 237.3(1) of the Tax Act or a "notifiable transaction" as defined in subsection 237.4(1) of the Tax Act.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER AND COVENANTOR

The Purchaser and the Covenantor hereby jointly and severally hereby represent and warrant to the Vendor and acknowledge that the Vendor is relying on all of the following representations and warranties that as at the Closing Date and Closing Date:

4.01 **Existence.** The Purchaser is a corporation validly incorporated and existing under the laws of the Province of British Columbia. The Covenantor is a corporation validly incorporated and existing under the laws of the Province of Manitoba.

4.02 **Investment Canada Act.** Each of the Purchaser and the Covenantor is a Canadian within the meaning of the *Investment Canada Act* (Canada).

4.03 **Competition Act.** To the Purchaser's knowledge, based on the disclosures made by the Vendor, the Purchaser does not need to obtain any approval under the *Competition Act* or *Investment Canada Act* to complete the transactions contemplated in this Agreement or to fulfill their respective obligations hereunder.

4.04 **Authorization; Enforceability.** Each of the Purchaser and the Covenantor has all necessary power, authority, and capacity to enter into this Agreement and to carry out its obligations under this Agreement and any other contracts to be entered into by the Purchaser or Covenantor as provided herein, including without limitation the Ancillary Agreements. The execution and delivery of this Agreement, the Ancillary Agreements, and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements have been duly authorized by all necessary corporate action by each of the Purchaser and Covenantor. This Agreement and any document, agreement or instruments to be delivered pursuant to this Agreement has been duly executed and delivered by the Purchaser and the Covenantor and is a legal, valid and binding obligation of each of the Purchaser and Covenantor and enforceable against each of them by the Vendor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the enforcement of rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

4.05 **Consents and Approvals.** There is no requirement for the Purchaser to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization,

consent or approval of, any government or regulatory authority as a condition to the lawful consummation of the transactions contemplated by this Agreement.

4.06 **Residence of Buyer and Covenantor.** Neither the Purchaser nor the Covenantor is a non-resident of Canada for purposes of the Tax Act.

4.07 **Reportable and Notifiable Transactions.** Neither the Purchaser nor the Covenantor has engaged in any transaction(s) contemplated by this Agreement that is or could be a "reportable transaction" as defined in subsection 237.3(1) of the Tax Act or a "notifiable transaction" as defined in subsection 237.4(1) of the Tax Act.

ARTICLE 5
SURVIVAL OF REPRESENTATIONS AND WARRANTIES

5.01 **Survival of Representations and Warranties of the Vendor.** The representations and warranties of the Vendor contained in this Agreement and any Ancillary Agreement, instrument, certificate, undertaking or other document executed or delivered pursuant hereto shall survive the closing of the transactions contemplated hereby and, notwithstanding such Closing nor any investigation made by or on behalf of the Purchaser, shall continue in full force and effect for the benefit of the Purchaser, provided that:

(a) no Indemnity Claim may be brought after the date which is eighteen (18) months following the Closing Date, except as otherwise specified in clauses (b), (c) or (d) below;

(b) any Indemnity Claim that is based upon or relates to Taxes and Governmental Charges may be made or brought by the Purchaser until a period expiring on the ninetieth (90th) day after the expiry of the last "normal reassessment period" for Taxes and Governmental Charges arising from or in connection with any fiscal period ending immediately prior to the Effective Time;

(c) any Indemnity Claim that is based upon or relates to the representations contained in Sections 3.01 to 3.06 inclusive, 3.08, 3.38 and 3.39 (the "**Fundamental Representations**") whether or not based upon intentional misrepresentation or fraud by the Vendor, may be made or brought by the Purchaser at any time; and

(d) notwithstanding the foregoing time limitations, any Indemnity Claim that is based upon intentional misrepresentation or fraud by the Vendor may be made or brought by the Purchaser at any time.

5.02 **Survival of Representations and Warranties of the Purchaser and Covenantor.** The representations and warranties of the Purchaser and Covenantor contained in this Agreement or in any Ancillary Agreement, document, certificate or undertaking given pursuant hereto shall, notwithstanding the Closing or any investigation made by or on behalf of the Vendor, continue in full force and effect for the benefit of the Vendor for eighteen (18) months from the Closing Date. For certainty, the notice period set out in this Section 5.02 shall not apply to any breach by the Purchaser or Covenantor of any payment

obligations of the Purchaser or Covenantor under this Agreement or any document, instrument or agreement delivered pursuant to this Agreement.

ARTICLE 6
CLOSING CONDITIONS

6.01 **Conditions for the Benefit of the Purchaser.** Notwithstanding anything herein contained, the obligations of the Purchaser under this Agreement are subject to the following conditions precedent, each of which is hereby acknowledged to be inserted for the exclusive benefit of the Purchaser and may be waived in writing by Purchaser in whole or in part, and the Vendor will use their best efforts to ensure that such conditions are fulfilled by the Closing Date:

(a) **Due Diligence.** On or before the Closing Date, the Purchaser shall have conducted and completed its due diligence review of the Corporation to the satisfaction of the Purchaser and Purchaser's Counsel, in their sole discretion.

(b) **Confirmation of Financing.** On or before the Closing Date, the Purchaser shall have arranged financing in amounts sufficient to satisfy payment in full of that portion of the Purchase Price payable in cash on the Closing Date, on terms and conditions satisfactory to the Purchaser in its sole discretion. For greater certainty, neither the Vendor nor Jason Zanatta shall be required to execute and deliver any personal guarantees with respect to said financing.

(c) **Accuracy of Representations and Warranties.** The representations and warranties of the Vendor made in or pursuant to this Agreement will be true and correct as at the Closing with the same force and effect as if made at and as of the Closing and the Purchaser will have received a certificate confirming the same from the Vendor, in form satisfactory to the Purchaser's Counsel, acting reasonably.

(d) **Performance of Vendor's Obligations.** The Vendor will have fulfilled or complied with all of its covenants contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by any of them at or prior to the Closing. The completion of the Closing will not constitute a waiver by the Purchaser of any of the covenants of the Vendor which are contained in this Agreement or in any Ancillary Agreement which, by their terms, survive the Closing.

(e) **Closing Documents and Proceedings.** All documents relating to the due authorization and completion of the transaction contemplated hereby and all actions and proceedings taken on or prior to the Closing in connection with the performance by the Vendor of its obligations under this Agreement will be satisfactory to the Purchaser and to the Purchaser's Counsel and the Purchaser will have received copies of all such documents or other evidence as it may reasonably request in form and substance satisfactory to the Purchaser and the Purchaser's Counsel.

(f) **Disclosure Schedules.** The Schedules to be attached hereto and incorporated into this Agreement will be satisfactory to the Purchaser and to the Purchaser's Counsel.

(g) **No Adverse Legislation.** No legislation (whether by statute, regulation, by-law or otherwise) will have been enacted or introduced which, in the reasonable opinion of the Purchaser, adversely affects or may adversely affect the operations and Business of the Corporation.

(h) **Consents and Approvals.** The Corporation will have all the powers, licences, franchises and permits which each requires to carry on the Business or any part thereof as now conducted and to enable the property and assets of each the Corporation to be owned and operated by it, after giving effect to the transactions contemplated in this Agreement and any necessary third party consents or regulatory approvals of the transactions contemplated in this Agreement will have been obtained.

(i) **No Action to Restrain.** No action or proceeding will be pending or threatened by any Person to restrain or prohibit (i) the purchase and sale of the Purchased Shares hereunder, or (ii) the Corporation from each conducting its respective operations or carrying on the Business as such operations and Business has been conducted and carried on in the past.

(j) **No Material Adverse Change.** There will have been no change in the Business, operations or capital of the Corporation which has had or could reasonably be expected to have a significant adverse effect on the value of the Purchased Shares.

If any of the conditions contained in this Section 6.01 will not be fulfilled or performed by the Vendors, or waived in writing by the Purchaser, at or before the Closing Date to the reasonable satisfaction of the Purchaser, the Purchaser may, by written notice to the Vendors, terminate this Agreement and the obligations of the parties hereunder.

6.02 **Conditions for the Benefit of the Vendor.** Notwithstanding anything herein contained, the obligations of the Vendor under this Agreement are subject to the following conditions precedent, each of which is hereby acknowledged to be inserted for the exclusive benefit of the Vendor and may be waived in writing by the Vendor, and the Purchaser will use its best efforts to ensure that such conditions are fulfilled by the Closing Date:

(a) **Accuracy of Representations and Warranties.** The representations and warranties of the Purchaser made in or pursuant to this Agreement will be true and correct as at the Closing with the same force and effect as if made at and as of the Closing and the Vendor will have received a certificate confirming the same from each of the Purchaser, in form satisfactory to the Vendor's Counsel, acting reasonably.

(b) **Performance of Purchaser's Obligations.** The Purchaser will have fulfilled or complied with all of its covenants contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by it at or prior to the Closing. The completion of the Closing will not constitute a waiver by the Vendor of any of the covenants of the Purchaser which are contained in this Agreement or in any Ancillary Agreement which, by their terms, survive the Closing.

(c) **Closing Documents and Proceedings.** All documents relating to the due authorization and completion of the transaction contemplated hereby and all actions and proceedings taken on or prior to the Closing in connection with the performance by the Purchaser of its respective obligations under this Agreement will be satisfactory to the Vendor and to the Vendor's Counsel and the Vendor will have received copies of all such documents or other evidence as it may reasonably request in form and substance satisfactory to the Vendor and the Vendor's Counsel.

(d) **Disclosure Schedules.** The Schedules to be attached hereto and incorporated into this Agreement will be satisfactory to the Vendor and to the Vendor's Counsel.

(e) **No Action to Restrain.** No action or proceeding will be pending or threatened by any Person to restrain or prohibit the purchase and sale of the Purchased Shares hereunder.

If any of the conditions contained in this Section 6.02 will not be fulfilled or performed by the Purchaser, or waived in writing by the Vendor, at or prior to the Closing Date to the reasonable satisfaction of the Vendor, the Vendor may, by notice to the Purchaser, terminate this Agreement and the obligations of the parties hereunder.

ARTICLE 7
INDEMNIFICATION

7.01 **Indemnification by the Vendor.** Subject as hereinafter provided, the Vendor hereby agrees to indemnify and save harmless the Purchaser from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense (including reasonable consultant and expert fees and expenses and reasonable costs, fees and expenses of legal counsel on a full indemnity basis, without reduction for tariff rates or similar reductions and reasonable costs, fees and expenses of investigation, defence or settlement) which may be made or brought against the Purchaser or which the Purchaser may suffer or incur as a result of, in respect of or arising out of:

(a) any non-performance or non-fulfillment of any covenant or agreement on the part of the Vendor contained in this Agreement or in any document given in order to carry out the transactions contemplated hereby;

(b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Vendor contained in this Agreement or in any document or certificate given in order to carry out the transactions contemplated hereby;

(c) any shareholders agreements entered into in the past with any prior shareholders of the Corporation;

(d) any pre-closing transactions of the Corporation;

(e) any liability for Undisclosed Taxes determined in accordance with Section 2.04(b); and

(f) any outstanding WorkSafe BC filings and payments or any liability for non-compliance under the *Workers' Compensation Act* (British Columbia).

The obligations of indemnification by the Vendor pursuant to this Section 7.01 are subject to the limitations referred to in Section 5.01 hereof with respect to the survival of the representations and warranties of the Vendor, the scope of their obligations as set out in sub-sections (a) through (f) above and the further limitations and clarifications set out in Section 7.03 below.

7.02 **Indemnification by the Purchaser and Covenantor.** Subject as hereinafter provided, the Purchaser and the Covenantor hereby agree to indemnify and save harmless the Vendor from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be made or brought against the Vendor or which the Vendor may suffer or incur as a result of, in respect of or arising out of:

(a) any breach of or non-compliance with any of the covenants, agreements, representations or warranties made by the Purchaser in this Agreement; and

(b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser or Covenantor in this Agreement or in any document or certificate given in order to carry out the transactions contemplated hereby.

The obligations of indemnification by the Purchaser pursuant to this Section are subject to the limitations referred to in Section 5.02 hereof with respect to the survival of the representations and warranties of the Purchaser.

7.03 **Survival of Indemnification.** Where a written claim under this ARTICLE 7 has been made within the time limits specified in Section 5.02, the right to indemnification in respect of such claim shall continue in full force and effect until the claim is finally settled or adjudicated and all payments to be made in respect of any settlement of adjudication have been made.

7.04 **Tax Status of Indemnification Payments.** Any payment made by the Vendor as an indemnifying party pursuant to this ARTICLE 7 shall constitute an adjustment to the Purchase Price for the Purchased Shares and each party to this Agreement shall, within a reasonable time of payment and receipt of such payment, as applicable, and in any event within two (2) months of such payment, file all amendments to his, her or its current or past income tax returns as may be necessary to reflect the foregoing.

7.05 **Effect of Investigation.** The representations, warranties and covenants of the Vendor, and the Purchaser's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Purchaser or by reason of the fact that the Purchaser knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Purchaser's waiver of any condition set forth in this Agreement, as the case may be; provided that, always, and for avoidance of doubt, the Purchaser shall not be entitled to indemnification

for a breach of a representation or warranty of the Vendor to the extent that disclosure of such item has been made in the Schedules attached hereto and forming part hereof.

7.06 **Limitation on Indemnification Obligations**. The right of an indemnified party under this ARTICLE 7 to make an Indemnity Claim will be limited as follows:

(a) The claim shall be subject to the limitation dates set forth in this Agreement respecting the survival of representations and warranties.

(b) The amount of any Losses which may be claimed by the indemnified party pursuant to such claim shall be calculated to be the cost or loss to it after giving effect to any insurance proceeds available in relation to the matter which is the subject of the claim for indemnity.

(c) Except with respect to any Indemnity Claims related to:

(i) Fundamental Representations,

(ii) the representations or warranties in Section 3.24,

(iii) involving intentional misrepresentation or fraud by the Vendor, or

(iv) any covenant made by the Vendor under this Agreement,

no obligation on the part of the Vendor to indemnify the Purchaser for Losses shall arise until the amount of the Purchaser's Losses in respect of which an Indemnity Claim has been made by the Purchaser exceeds $150,000 for each single Indemnity Claim and $300,000 in aggregate;

(d) Except with respect to any Indemnity Claims related to:

(i) Fundamental Representations,

(ii) the representations or warranties in Section 3.24,

(iii) involving intentional misrepresentation or fraud by the Vendor, or

(iv) any covenant made by the Vendor under this Agreement,

the aggregate liability of the Vendor for any Indemnity Claims shall be capped at fifty (50%) percent of the Purchase Price.

(e) Notwithstanding the foregoing, except with respect to any Indemnity Claims related to any covenant made by the Vendor under this Agreement, the aggregate liability of the Vendor for any Indemnity Claims shall be capped at one hundred (100%) percent of the Purchase Price.

(f) For greater clarity, the limitations in this Section 7.06 do not apply to a claim made by a party hereto based on or with respect to the inaccuracy or non-performance or

non-fulfillment or breach of any representation, warranty or covenant made by the respective other party contained in:

(i) the employment agreement referenced in Section 8.02(a)(vii);

(ii) the shareholders' agreement referenced in Section 8.02(a)(viii);

(iii) the non-competition and non-solicitation agreement referenced in Section 8.02(a)(ix); or

(iv) the consent to assignment of lease referenced in Section 8.02(a)(x).

(g) In no circumstances shall the Vendor or the Purchaser be liable under this Agreement for any punitive or aggravated losses shall not include punitive or exemplary damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party.

(h) Any party entitled to indemnification hereunder shall take commercially reasonable action to mitigate the amount of Losses incurred in connection with any Indemnity Claim.

(i) Subject to the provision of this Section 7.06, no Indemnity Claim may be brought by the Purchaser for the obligations contained in 7.01(b) through 7.01(f) of this Agreement other than pursuant to, and subject to the provisions of this ARTICLE 7, it being understood that this Agreement was negotiated on the basis that the provisions of this ARTICLE 7 comprise and are the exclusive remedy of the Purchaser against the Vendor for the obligations contained in 7.01(b) through 7.01(f) of this Agreement.

(j) No Indemnified Party shall be entitled to double recovery for any Losses even though they may have resulted from the breach of more than one of the representations, warranties, agreements and covenants made by the Indemnifying Party in this Agreement.

7.07 **Provisions Relating to Indemnity Claims.** The following provisions will apply to any claim by the Purchaser for indemnification by the Vendor pursuant to ARTICLE 7 hereof:

(a) Promptly after becoming aware of any matter that may give rise to an Indemnity Claim, the Purchaser will provide to the Vendor written notice of the Indemnity Claim specifying (to the extent that information is available) the factual basis for the Indemnity Claim and the amount of the Indemnity Claim or, if an amount is not then determinable, an estimate of the amount of the Indemnity Claim, if an estimate is feasible in the circumstances.

(b) If an Indemnity Claim relates to an alleged liability of the Corporation, or any of them, to any other Person (hereinafter, in this Section 7.07, called a "Third Party Liability"), including without limitation any Governmental Entity including any taxing authority, which is of a nature such that the Corporation is required by

Applicable Law to make a payment to a third party before the relevant procedure for challenging the existence or quantum of the alleged liability can be implemented or completed, then the Corporation or the Purchaser may, notwithstanding the provisions of paragraphs (c) and (d) of this Section 7.07, make such payment or cause the Corporation to make such payment and forthwith demand reimbursement for such payment from the Vendor in accordance with this Agreement; provided that, if the alleged liability to the third party as finally determined upon completion of settlement negotiations or related legal proceedings is less than the amount which has been paid by the Vendor in respect of the related Indemnity Claim, then the Corporation and/or the Purchaser shall forthwith following the final determination pay to the Vendor the amount by which the amount of the liability as finally determined is less than the amount which is so paid by the Vendor.

(c) The Purchaser shall not negotiate, settle, compromise or pay (except in the case of payment of a judgment) any Third Party Liability as to which the Purchaser proposes to assert an Indemnity Claim, except with the prior consent of the Vendor (which consent shall not be unreasonably withheld or delayed), unless there is a reasonable possibility that such Third Party Liability may materially and adversely affect the Business or the condition of the Corporation or the Purchaser, in which case the Purchaser shall have the right, after notifying the Vendor, to negotiate, settle, compromise or pay such Third Party Liability without prejudice to its rights of indemnification hereunder.

(d) With respect to any Third Party Liability relating to the Corporation, provided the Vendor first admit the Purchaser's right to indemnification for the amount of such Third Party Liability which may at any time be determined or settled, then in any legal, administrative or other proceedings in connection with the matters forming the basis of the Third Party Liability, the following procedures will apply:

(i) except as contemplated by subparagraph (iii) of this paragraph, the Vendor will have the right to assume carriage of the compromise or settlement of the Third Party Liability and the conduct of any related legal, administrative or other proceedings, but the Purchaser and the Corporation shall have the right and shall be given the opportunity to participate in the defence of the Third Party Liability, to consult with the Vendor in the settlement of the Third Party Liability and the conduct of related legal, administrative and other proceedings (including consultation with counsel) and to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Vendor and the Purchaser shall be retained by the Vendor;

(ii) the Vendor will cooperate with the Purchaser in relation to the Third Party Liability, will keep them fully advised with respect thereto, will provide them with copies of all relevant documentation as it becomes available, will provide them with access to all records and files relating to the defence of the Third Party Liability and will meet with representatives of the Purchaser at all reasonable times to discuss the Third Party Liability, and

(iii) notwithstanding subparagraphs (i) and (ii) of this paragraph, the Vendor will not settle the Third Party Liability or conduct any legal, administrative or other proceedings in any manner which could, in the reasonable opinion of the Purchaser, have a material adverse effect on the Business or the condition of the Corporation or the Purchaser, except with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld or delayed.

(e) If, with respect to any Third Party Liability the Vendor do not admit the Purchaser's right to indemnification or decline to assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability, then the following provisions will apply:

(i) the Purchaser, at their discretion, shall assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability and may defend or settle the Third Party Liability on such terms as the Purchaser, acting in good faith, considers advisable, and

(ii) any cost, loss, damage or expense incurred or suffered by the Purchaser and/or the Corporation in the settlement of such Third Party Liability or the conduct of any legal, administrative or other proceedings shall be added to the amount of the Indemnity Claim.

ARTICLE 8
CLOSING ARRANGEMENTS

8.01 **Place of Closing.** The Closing will take place at the Closing Time with effect as of the Effective Time and the Closing Date. The Parties agree that, in lieu of a physical closing, the Closing shall take place electronically at the Closing Date, by way of the exchange between the Purchaser's Counsel and the Vendor's Counsel of professional undertakings or trust conditions agreed to by the Purchaser's Counsel and the Vendor's Counsel, or at such other place or time as the parties hereto may mutually determine.

8.02 **Closing Deliveries.** In order to facilitate the Closing, the parties hereto agree to sign and deliver all of the closing documents and deliverables set out in this ARTICLE 8 to their respective solicitors to be held in trust pending completion of the Closing at the Closing Date. The Vendor's Counsel and the Purchaser's Counsel shall each confirm, on or before the Closing Date, that all of the documents and deliverables contemplated under this ARTICLE 8 and set out in a closing agenda shall have been executed and tendered. Based upon such confirmation, the Closing shall become effective as at the Effective Time. Without limiting the generality of the foregoing, each of the parties shall execute or cause to be executed, and shall deliver, or cause to be delivered, all documents, instruments and things which are to be delivered respectively by them pursuant to the provisions of this Agreement. In that regard:

(a) on or before the Closing Date, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

(i) rectification resolutions of the directors of the Corporation and of the shareholders of the Corporation;

(ii) certificate(s) representing the Purchased Shares duly endorsed in blank for transfer or accompanied by duly executed instruments of transfer;

(iii) a certified copy of the resolutions of the trustee of the Trust authorizing the sale and transfer of the Purchased Shares and the other transactions contemplated herein;

(iv) a certified copy of the resolutions of the directors of the Corporation authorizing the transfer of the Purchased Shares and the other transactions contemplated herein;

(v) release from the Vendor in favour of the Purchaser, the Covenantor and the Corporation in respect of matters prior to Closing other than the ongoing obligations pursuant to this Agreement and the Ancillary Agreements;

(vi) release from Jason Zanatta in favour of the Corporation, in respect of matters relating to Jason Zanatta acting as a director, officer, and employee of the Corporation prior to Closing;

(vii) an employment agreement between Jason Zanatta and the Corporation, substantially in the form attached hereto as Schedule 8.02(a)(vii), executed by Jason Zanatta;

(viii) a shareholders' agreement among the Vendor, the Covenantor and the Corporation, substantially in the form attached as Schedule 8.02(a)(viii), which shall govern the Vendor and the Covenantor's relationship with respect to their rights and obligations as shareholders of the Corporation, executed by the Vendor;

(ix) a non-competition and non-solicitation agreement between Jason Zanatta, the Corporation, and the Purchaser, substantially in the form attached as Schedule 8.02(a)(ix), executed by Jason Zanatta;

(x) a consent to assignment of lease by Zanatta Seaborne Holdings Ltd., as landlord in a form and content to be reasonably agreed upon by the parties thereto, executed by Zanatta Seaborne Holdings Ltd.;

(xi) a waiver or satisfaction of closing conditions for the benefit of the Vendor;

(xii) a certificate confirming the representations and warranties of the Vendor made in or pursuant to this Agreement are true and correct as at the Closing with the same force and effect as if made at and as of the Closing;

(xiii) a resignation from Julie Zanatta, as an employee of the Corporation, together with a release from Julie Zanatta in favour of the Corporation, in

respect of matters relating to the employment and resignation of Julie Zanatta prior to Closing;

(xiv) an employment agreement between Julie Zanatta and the Corporation, substantially in the form attached hereto as Schedule 8.02(a)(xiv), executed by Julie Zanatta;

(xv) release from each of Zanatta Seaborne Holdings Ltd. and Zanatta Seaborne 2 Holdings Ltd. in favour of the Corporation, in respect of any indebtedness owing from the Corporation prior to Closing; and

(xvi) such other documents as the Purchaser or Purchaser's Counsel may reasonably require in order to complete this transaction.

(b) on or before the Closing Date, the Purchaser and the Covenantor shall deliver or cause to be delivered to the Vendor the following:

(i) the payment referred to in Section 2.03;

(ii) certified copies of resolutions of the directors of each of the Purchaser and the Covenantor, respectively, authorizing entry into this Agreement, any applicable Ancillary Agreement and the transactions contemplated herein;

(iii) the employment agreement referenced in Section 8.02(a)(vii), executed by the Corporation;

(iv) the shareholders' agreement referenced in Section 8.02(a)(viii), executed by the Covenantor and the Corporation;

(v) the non-competition and non-solicitation agreement referenced in Section 8.02(a)(ix), executed by the Corporation and the Purchaser;

(vi) release from the Corporation in favour of the Vendor in respect of matters prior to Closing other than the ongoing obligations pursuant to this Agreement and the Ancillary Agreements, in form and content acceptable to the Vendor and the Vendor's Counsel;

(vii) a waiver or satisfaction of closing conditions for the benefit of the Purchaser;

(viii) a certificate confirming the representations and warranties of the Purchaser and the Covenantor made in or pursuant to this Agreement are true and correct as at the Closing with the same force and effect as if made at and as of the Closing;

(ix) the employment agreement referenced in Schedule 8.02(a)(xiv), executed by the Corporation; and

(x) such other documents as the Vendor or Vendor's Counsel may reasonably require in order to complete this transaction.

8.03 **Data Room**. The Vendor shall retain one archive of all documents uploaded and residing in the electronic Data Room used during the transactions contemplated by this Agreement, including all recorded information on access, viewing, use, edits, and downloads.

8.04 **Amalgamation**. The Vendor acknowledges and agrees that the Corporation and the Purchaser shall amalgamate immediately upon the Closing in accordance with the details set forth in Schedule 8.04 and each party shall execute such documents as may be reasonably required in connection therewith.

8.05 **Further Assurances.** Each party to this Agreement covenants and agrees that, from time to time subsequent to the Closing Date, each will, at the request and expense of the requesting party, execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as any other party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

ARTICLE 9
ADDITIONAL COVENANTS OF THE PARTIES

9.01 **Operation of Businesses Prior to Closing**. From the date of this Agreement until the Closing Date, or until the earlier termination of this Agreement in accordance with its terms, except as the Purchaser shall consent in writing, the Corporation shall conduct its Business in the ordinary course of business in all material respects consistent with past practice, and shall use commercially reasonable efforts to preserve intact the Business and operations, preserve its material rights, franchises, goodwill and relationships with any applicable Governmental Entity and its material customers, suppliers, and others with whom it does business relating to the Business. The Vendor shall cause the Corporation not to do any of the following with respect to the Business:

(a) incur, create or assume any Encumbrance;

(b) sell, lease, license, transfer, pledge, convey, assign, mortgage or otherwise dispose of any material properties or assets, tangible or intangible, of its Business other than Inventory in the ordinary course;

(c) other than in the ordinary course of business, make or incur any capital expenditures with respect to its Business requiring payments in excess of Fifty Thousand ($50,000) Dollars in the aggregate;

(d) other than in the ordinary course of business, reduce the amount of insurance coverage or fail to renew any existing insurance policies that, in each case, is material to its Business;

(e) with respect to receivables that will remain outstanding following the Closing, cancel or waive any claims under any receivable or other claims or rights of substantial value or amend or modify the terms relating to any such Receivables or make any concession with respect to any receivables which is materially adverse to its Business;

(f) materially amend, terminate or allow to lapse any material permit or licence relating to its Business, other than amendments required by Applicable Law; or

(g) authorize or enter into any contract, agreement or commitment with respect to any of the foregoing.

9.02 **Preparation of Tax Returns**. The Vendor shall cause to be prepared and filed, at the Corporation's cost, all Tax Returns for the Corporation for any taxation year or other fiscal period that ends on or before the Closing Date for which Tax Returns have not been filed as of the Closing Date. The Vendor shall prepare each Tax Return on a basis consistent with (i) Applicable Law, (ii) the Closing Financial Statements, and (iii) the past practices and procedures of the Corporation, provided, however, that no allowance shall be taken for doubtful accounts or for obsolescence of inventory (and, for greater certainty, any such doubtful accounts or obsolete inventory previously taken shall be brought into income in the Tax Returns). Notwithstanding the foregoing, in any Tax Return, the Corporation shall not deduct any amount in the nature of a reserve or claim any Tax credit that would require the Corporation to include in a tax period ending after the Closing Date any amount of income, unless the Tax liability in respect of such income (determined as though such income were the only income or loss of the entity for the tax period and without regard for the availability of any loss carryforwards or carrybacks) is taken into account in computing the Working Capital Closing Amount. The Vendor shall provide to the Purchaser for its review a draft of each Tax Return no later than thirty (30) days in the case of an income Tax Return, and ten (10) days in the case of any other Tax Return, prior to the due date for filing such Tax Return with the appropriate Governmental Entity. The Purchaser shall notify the Vendor in writing within fifteen (15) days in the case of an income Tax Return, and five (5) days in the case of any other Tax Return, after delivery of a Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. The Vendor shall consider all such comments.

9.03 **Confidential Communications**. From and after the Closing, all Confidential Communications shall be confidential and remain the exclusive privileged property of the Vendor and shall not belong to the Corporation or the Purchaser or any Affiliate thereof or the Covenantor or any Affiliates thereof, notwithstanding that such Confidential Communications remain at the premises of the Corporation, in the books and records or on any servers on the computer network of the Business, the Corporation or the Purchaser or Covenantor or any of their respective Affiliates, as applicable, whether through the use of the email suffix "**@novoshield.ca**" or otherwise. Such Confidential Communications are hereby expressly excluded from the purchase and sale transaction contemplated by this Agreement and do not form part of the assets of the Corporation and Business being transferred by this Agreement. The Purchaser, Covenantor and their respective Affiliates (including, after the Closing, the Corporation and its subsidiaries or any subsequently

amalgamated entity resulting from the amalgamation of the Corporation shall have no right or interest into such Confidential Communications regardless of whether such communications remain on the servers of the Corporation, the servers of Purchaser or any Affiliate or Covenantor or any Affiliate thereof, as applicable, or a server associated with the Business after the Closing Date. For certainty, and without limiting the generality of the foregoing, all Confidential Communications herein between the Vendor and the Vendor's Counsel prior to and after Closing are protected by privilege and any inadvertent disclosure of Confidential Communications does not and shall not constitute a waiver of such privilege by the Vendor and any and all rights or the Corporation or any of them may have had with respect to the Confidential Communications shall not terminate on Closing. Notwithstanding the foregoing, nothing herein shall limit or affect the rights of the Purchaser generally and/or obligations of the Corporation or the Vendor for disclosure in connection with any claim, lawsuit, arbitration or other dispute resolution in connection with this Agreement.

9.04 **Personal Information.** The Purchaser shall, at all times, comply with Applicable Laws governing the protection of personal information with respect to Personal Information disclosed or otherwise provided to the Purchaser by the Vendor or the Corporation under this Agreement specifically including any obligation to notify affected individuals that personal information was disclosed in the course of the sale and that the sale has closed. Purchaser shall only collect, use or disclose such Personal Information for the purposes of investigating the Corporation and the Business as contemplated in this Agreement and completing the transactions contemplated in this Agreement. The Purchaser shall safeguard all Personal Information collected from the Vendor or the Corporation in a manner consistent with the degree of sensitivity of the Personal Information and maintain, at all times, the security and integrity of the Personal Information. The Purchaser shall not make copies of the Personal Information or any excerpts thereof or in any way recreate the substance or contents of the Personal Information if the purchase of the Shares is not completed for any reason and shall return all Personal Information to the Vendor or, at Vendor's request, destroy such Personal Information.

9.05 **Maintenance of Records.** The Purchaser and Covenantor covenant to:

(a) maintain in safekeeping for the applicable statutory retention periods:

(i) all financial records of the Corporation; and

(ii) all other records of the Corporation which are in the possession of the Corporation on the Closing Date and which relate to periods prior to the Closing Date; and

(b) allow the Vendor reasonable access to the records described in Section 9.05(a) above if the Vendor is investigated or audited by a taxation or other authority or, at the request of the Vendor, for any other bona fide business purpose which is not adverse to the interests of the Corporation, as determined by the Purchaser and Covenantor acting reasonably.

ARTICLE 10
ARBITRATION

10.01 **Negotiation to Resolve Disputes.** The Parties covenant and agree to negotiate in good faith upon request in writing to settle any dispute, controversy or claim arising out of or relating to this Agreement, or the breach or termination of this Agreement (collectively, a "Dispute").

10.02 **Arbitration.** All Disputes which the parties are unable to resolve themselves shall be settled by arbitration pursuant to the Arbitration Rules. If a binding settlement of a Dispute has not been finalized by the parties within the thirty (30) day period after which a party has first requested in writing to the other parties to the Dispute that the matter be resolved by negotiation pursuant to Section 10.01 or any other provision of this Agreement, any party to the Dispute may thereafter initiate proceedings to settle the Dispute by arbitration in accordance with the Arbitration Rules. For purposes of the Arbitration Rules:

(a) the arbitral tribunal shall consist of a single Arbitrator, or such greater number of Arbitrators as may be designated by order of the British Columbia Supreme Court;

(b) the parties to the Dispute shall attempt to agree upon a single Arbitrator, but if they are unable to do so within fifteen (15) Business Days of the date of the notice initiating settlement by arbitration, any party to the Dispute may thereafter apply to the British Columbia Supreme Court for an order that determines the Arbitrator; and

(c) all other procedural and substantive matters related to the arbitration may be determined by the Arbitrator.

10.03 **Binding Effect of Arbitration.** All awards and decisions of the Arbitrator shall be final and binding on the Parties, and shall not be open to challenge or appeal, subject only to the provisions of the Arbitration Act.

ARTICLE 11
GENERAL MATTERS

11.01 **Guarantees and Obligations.** The Purchaser and the Covenantor jointly and severally covenant to use commercially reasonable efforts to cause the release of all guarantees and any other obligations of the Vendor and their Affiliates in respect of the Corporation and the Business.

11.02 **Notices.** Any notice or other communication required or permitted to be given hereunder will be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail, as follows:

(a) if to the Vendor:

1571 Harbour Drive
Coquitlam, BC V3J 5V7

Email: jasonzanatta13@gmail.com

with a copy (which does not constitute notice to the Vendor) to:

Clark Wilson LLP
900-885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Leslie Wong
Email: lwong@cwilson.com

(b) if to the Purchaser or the Covenantor:

c/o 15-801 Century Street
Winnipeg, Manitoba R3H 0C3
Attention: Heather Berthelette, Chief Executive Officer
Email: hberthelette@tcig.biz

with a copy (which does not constitute notice to the Purchaser and Covenantor) to:

Thompson Dorfman Sweatman LLP
1700 - 242 Hargrave Street
Winnipeg, Manitoba R3C 0V1

Attention: Elmer Gomes
Email: EJG@tdslaw.com

and shall be deemed to be received if delivered by hand or overnight courier service, when delivered, if given by certified or registered mail, on the date falling four (4) Business Days following the date upon which it has been deposited in the post office with postage and cost of registration prepaid and if given by facsimile or electronic mail, when sent, provided that if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient; provided however, that any of the above-named parties may change the address designated from time to time, by notice in writing to the other party hereto given in accordance herewith.

11.03 **Disclosure.** The parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the transactions contemplated hereby and, except as required by any Applicable Law or regulatory requirement, no party shall issue any such press release or make any such public announcement without the prior written consent of the other parties hereto, which consent shall not be unreasonably withheld or delayed. Except as agreed to by all of the parties, no party shall disclose this Agreement or any aspect of such transaction except to his, her or its legal, accounting, financial or other professional advisors, or as may be required by any Applicable Law or any regulatory authority having jurisdiction, except that no provision in this section shall prohibit disclosure of the existence of this Agreement.

11.04 **Commercially Reasonable Efforts.** The parties acknowledge and agree that, for all purposes of this Agreement, an obligation on the part of any party to use his, her or its commercially reasonable efforts to obtain any waiver, consent, approval, permit, licence or other document shall not require such party to make any payment to any Person for the purpose of procuring the same, other than payments for amounts due and payable to such Person, payments for incidental expenses incurred by such Person and payments required by any Applicable Law.

11.05 **Fees and Expenses.** Each of the parties hereto shall bear all expenses incurred by such party in connection with this Agreement including, without limitation, the charges of their respective counsel, accountants, financial advisors and finders.

11.06 **Entire Agreement.** This Agreement, together with the documents delivered pursuant hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided. In the event of any inconsistency between the statements in the body of this Agreement and the Schedules, the statements in the body of this Agreement will govern.

11.07 **Time of Essence.** Time shall be of the essence of this Agreement.

11.08 **Applicable Law.** This Agreement and all Ancillary Agreements shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and each party hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

11.09 **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

11.10 **Non-Merger.** Except as otherwise expressly provided in this Agreement, the covenants, representations, warranties and other provisions of this Agreement will not merge on Closing but will survive: (a) the execution, delivery and performance of this Agreement and the Ancillary Agreements; (b) the Closing; and (c) the payment of the Purchase Price. Notwithstanding such Closing, this Agreement will continue in full force and effect. Closing will not prejudice any right of one party against any other party in respect of anything done or omitted under this Agreement or in respect of any right to damages as provided in this Agreement.

11.11 **Successors and Assigns.** This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective

trustees, successors and permitted assigns. No party may assign any of its rights or obligations hereunder without the prior written consent of the other parties hereto.

11.12 **No Third Party Beneficiaries**. Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

11.13 **No Set-Off.** The obligation of the parties to make all payments hereunder will be absolute and unconditional and will not be affected by any circumstance, other than an award determined by Court of competent jurisdiction or by an Arbitration pursuant to Article 10, including, without limitation:

(a) any set-off, compensation, counterclaim, recoupment, defence, or other right which a party may have against the other, or anyone else for any reason whatsoever;

(b) any insolvency, bankruptcy, reorganization, or similar proceedings by or against any of the parties.

(c) each party hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit, or surrender this Agreement except in accordance with the express terms hereof.

11.14 **Good Faith.** The parties acknowledge and agree that they have approached and negotiated this Agreement and the documents and instruments to be delivered pursuant to this Agreement or in connection with the transactions contemplated by this Agreement in good faith and that they will continue to act in such manner. In particular and without limiting the generality of the foregoing, the parties agree to cooperate fully in good faith with each other and their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement.

11.15 **Amendment and Waivers.** No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver relate to or affect a subsequent instance of the matter waived unless otherwise expressly provided.

11.16 **Independent Legal Advice.** Each party hereby represents by signing this Agreement that it has had the full opportunity to obtain such independent legal or other advice as required, and that such party enters this Agreement voluntarily.

11.17 **Counterpart Execution.** This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

11.18 **Execution by Electronic Means.** This Agreement may be executed and delivered by a party by electronic means, including by successful facsimile transmission or by electronic

delivery in portable document format (".pdf") or tagged image file format (".tif"), to the other party or its legal counsel, of a signature page hereof bearing the signature of that party and the parties adopt any signatures received by electronic means as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so transmitted by electronic means.

[Signature Page Follows.]

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

Jason Zanatta

JASON ZANATTA, as Trustee of the ZANATTA FAMILY TRUST

1567420 B.C. LTD.

Per: _____
Name: Heather Berthelette
Title: Chief Executive Officer

I have the authority to bind the Corporation.

SPIRITRX SERVICES CORPORATION

Per: _____
Name: Heather Berthelette
Title: Chief Executive Officer

I have the authority to bind the Corporation.

This is Exhibit "**45**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

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LETTER OF INTENT

FOR PURCHASE OF THE SHARES AND ASSETS OF NOVO TEXTILE COMPANY LTD.

PRIVATE AND CONFIDENTIAL

April 21, 2026

To: Jason Zanatta and the Zanatta Family Trust (Collectively referred to herein as the "**Sellers**")

And To: Novo Textile Company Ltd. (the "**Company**")
105–10 King Edward Street,
Coquitlam, BC V3K 4S8

Dear Jason and Julie,

54 North Asset Management Ltd. ("**54 North**") is pleased to submit this non-binding letter of intent (the "**Letter of Intent**") regarding the proposed acquisition of 100% of the issued and outstanding shares of Novo Textile Company Ltd. (the "**Shares**") by an affiliate of the 54 North ("**AcquisitionCo**"). For the purposes of this Letter of Intent, 54 North and AcquisitionCo shall be referred to as the "**Purchaser**".

The Purchaser and the Sellers acknowledge that, prior to Closing, the Sellers may undertake, at the Purchaser's request, a reorganization of the Company's assets, liabilities and/or capital structure (a "**Pre-Closing Reorganization**") to facilitate the Transaction in a tax-efficient manner for both parties. The form and substance of any such Pre-Closing Reorganization shall be mutually agreed acting reasonably.

The acquisition of the Shares by AcquisitionCo shall hereafter be known as the "**Transaction**" and the date of the consummation of the Transaction shall be the "**Closing**". AcquisitionCo will pay a total consideration (the "**Total Consideration**") composed of a SEVENTEEN MILLION FIVE HUNDRED THOUSAND DOLLAR ($17,500,000) CDN purchase price (the "**Purchase Price**") for the Shares of the Company subject to the terms and conditions of this Letter of Intent as set out below.

1. **Purchase Agreements.** The parties to this Letter of Intent will endeavour to finalize and execute a share purchase agreement (the "**Share Purchase Agreement**") governing the Transaction which shall include the terms below and such other provisions as may be mutually agreed upon, prior to the Expiration Date.

    1.1. **Business and Assets.** The Transaction contemplates the acquisition of all of the issued and outstanding Shares of the Company, such that, at Closing, the Company will own and operate all of the assets and business currently conducted by it, including, without limitation, all assets, properties, rights and interests of the Company used in the conduct of its business, including: (i) all equipment; (ii) all rights, title and exclusive interest to all patents, trademarks, trade names, technical processes, know how or other intellectual property associated with the business of the Company, whether registered or not; (iii) all tangible and intangible property related to the business of the Company including customer lists, records, goodwill and other intangible assets; (iv) working capital required to run the business at closing; (v) all contracts for purchases from

suppliers or deliveries, to customers of the Company; and (vi) any other assets of any nature whatsoever that are related to or used in connection with the business of the Company and its goodwill.

Notwithstanding the foregoing, the Purchaser acknowledges that certain assets or liabilities not required for the ongoing operations of the business (the "**Excluded Items**") may be identified and transferred out of the Company prior to Closing as part of a Pre-Closing Reorganization, as mutually agreed between the Purchaser and the Sellers. Any such Excluded Items shall be clearly identified and agreed upon within a reasonable period following execution of this Letter of Intent and in any event, prior to execution of the definitive agreements.

1.2. **Total Consideration.** Subject to any Working Capital Adjustments, the Total Consideration of SEVENTEEN MILLION FIVE HUNDRED THOUSAND DOLLAR ($17,500,000) shall be payable to the Sellers as follows:

a) Cash Purchase Price. A cash amount of THIRTEEN MILLION DOLLARS ($13,000,000) to be paid at Closing (the "**Cash Purchase Price**"). The Purchase Price will be based on the acquisition of the Company being on a cash-free and debt-free basis, subject to normal working capital adjustments and any escrow requirements as provided below.

b) Escrow Amount. A portion of the Cash Purchase Price (the "**Escrow Amount**") shall be deposited by the Purchaser in escrow at Closing with the Purchaser's solicitors for the purpose of satisfying the Working Capital and Indemnity Escrow amounts as to be informed by due diligence and mutually agreed upon by the Purchaser and Company.

c) Contingent Amount (Earn-Out). FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS ($4,500,000) of the Purchase Price (the "**Contingent Amount**") shall be paid to the Sellers in two (2) equal instalments of Two Million Two Hundred and Fifty Thousand Dollars ($2,250,000), with each payment based on the Company achieving a minimum Normalized EBITDA less maintenance capex of Three Million Five Hundred Thousand Dollars ($3,500,000) (the "**Normalized EBITDA**") during each of the applicable measurement periods as follows:

i. Year 1 Payment: If Normalized EBITDA less maintenance capex for the 12-month period following the Closing Date (**"Measurement Period 1"**) is equal to or greater than $3,500,000, the Sellers will receive $2,250,000, and;

ii. Year 2 Payment: If Normalized EBITDA less maintenance capex for the 12-month period commencing on the first anniversary of the Closing Date and ending on the second anniversary of the Closing Date (**"Measurement Period 2"**) is equal to or greater than $3,500,000, the Sellers will receive $2,250,000.

iii. For the purposes of this LOI, "Normalized EBITDA" shall mean the Company's earnings before interest, taxes, depreciation, and amortization, calculated in accordance with

generally accepted accounting principles consistently applied, and adjusted to exclude or include, as applicable, the following:

a. any non-recurring, extraordinary, or non-operating expenses or revenues;
b. any expenses or revenues related to the transaction with the Sellers or its affiliates;
c. any management fees, consulting fees, or similar charges paid to the Purchaser or its affiliates that are not directly attributable to the core operations of the Company;
d. any costs or expenses associated with the Transaction itself or any restructuring or integration activities post-Closing; and
e. any other adjustments mutually agreed upon by the parties during the negotiation of the definitive agreements, designed to reflect the true underlying operating profitability of the Company as if it were a standalone, professionally managed entity

iv. If Normalized EBITDA less maintenance capex is below $3,500,000 in any period, the corresponding payment will be reduced Five Dollars ($5.00) for each One Dollar ($1.00) of Normalized EBITDA less maintenance capex below $3,500,000. If Normalized EBITDA less maintenance capex falls to $2,800,000 or less, no payment will be made for that respective period.

d) For any reduction in Total Consideration calculated under Section 1.2 c), the amount of the reduction will be recoverable equal to Five Dollars ($5.00) for every One Dollar ($1.00) where the Normalized EBITDA less maintenance capex calculated for the Twenty Four (24) month period following the Closing Date is equal to or above $7,000,000.

e) Employment, Termination or Resignation. The Principal of the Company, Jason Zanatta ("**Jason**"), agrees to continue working and providing best efforts to the Company, in his present capacity for the Company, for a period equal to or greater than the term of the period for repayment of the Contingent Amount portion of the Purchase Price (the "**Engagement Term**")). If prior to the completion of the Engagement Term, Jason resigns or is terminated by the Company for just cause, as agreed or determined by arbitration, then the Sellers shall forfeit any unpaid portion of the Contingent Amount under Section 1.2(c).

1.3. **Target Working Capital**.

a) Target Working Capital shall be defined as the average of the Company's last twelve (12) months of cash, current accounts receivable, non obsolete inventory, prepaid expenses for Insurance and WCB, taxes receivable, current liabilities set out in the financial statements, accounts payable, taxes payable and outstanding employee remuneration of the Company, representing the amount of working capital (current assets minus current liabilities) that is reasonably required to operate the business of the Company in the ordinary course immediately following the Closing. Any deviation from the Target Working Capital at Closing shall continue to result in a dollar-for-dollar adjustment to the Cash Purchase Price payable at Closing, as defined under Section 1.2(a) of this Letter of Intent.

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1.4. **Purchase Price Adjustment.**

a) Closing Adjustment. The Purchase Price will be increased or decreased, as appropriate, on a dollar-for-dollar basis by an amount, if any, equal to the amount of any increase or decrease in the working capital of the Company as of the Closing Date from the Target Working Capital.

b) Calculation of Working Capital. Within 120 days from the Closing Date, the Purchaser shall deliver to the Sellers a statement which calculates and confirms the actual working capital of the Company as of the Closing Date, and:

i. if the actual working capital is equal to the Target Working Capital, the full Working Capital Escrow Amount will be released to the Sellers within thirty (30) days;

ii. If the actual working capital is less than the Target Working Capital the amount of the difference between the Target Working Capital and the actual working capital shall be deducted from the Working Capital Escrow Amount and released to the Purchaser, and if the Working Capital Escrow Amount is not sufficient the remaining amount shall be paid to the Purchaser within thirty (30) days;

iii. If the actual working capital is greater than the Target Working Capital the full amount of the Working Capital Escrow will be released to the Sellers and the difference between the actual working capital and the Target Working Capital shall be paid immediately to the Sellers by the Purchaser except where the difference exceeds $250,000 in which case the amount of the difference will be paid to the Sellers immediately following the collection or realization of the net assets resulting in the difference. For example, if an incremental $750,000 of actual working capital, made up of accounts receivables remains as the difference, $250,000 would be paid immediately to the Sellers and $500,000 would be paid as the amount is collected from customers.

1.5. **Representations and Warranties**. The Share Purchase Agreement shall contain representations and warranties typical in transactions of the size and nature contemplated herein. Any costs incurred by AcquisitionCo within two (2) years of the Closing as a result of a breach in the representation and warranties shall cause a dollar-for-dollar reduction in the Purchase Price. A cap(s) on indemnification claims related to fundamental and non-fundamental representations and warranties will be determined during due diligence.

1.6. **Conditions Precedent to Closing**. The Share Purchase Agreement shall provide for the following conditions precedent to Closing:

a) Government Approvals. All required government approvals necessary for the Closing and for the operations by AcquisitionCo in the manner that the Company operated prior to the Transaction shall have been attained.

b) Material Adverse Change. There should have been no material adverse change in the business, assets, operations, or prospects of the Company prior to the Closing, relative to the state of the Company as of the date of this Letter of Intent, and the Sellers and Company shall notify the Purchaser of any material changes.

c) Due Diligence. The Purchaser shall have concluded its due diligence relating to all financial, business, tax and legal matters and found the results acceptable.

d) EBITDA. The Company's EBITDA less maintenance capex for the trailing 12-month period ending the month immediately preceding the month of close, shall be not less than $2,500,000, as evidenced by a year-to-date income statement delivered to Purchaser by Company.

e) Working Capital. The Company's working capital shall be equal to or greater than the Target Working Capital.

f) Key Employees. All key employees, as agreed upon between the Purchaser and Seller after completion of the Purchaser's due diligence, shall have entered into an employment agreement with Company and/or AcquisitionCo in a form acceptable to Purchaser.

g) Jason Zanatta. Jason Zanatta must agree to be employed by AcquisitionCo in his existing capacity post-Closing for a term of at least five years. The applicable salary shall be determined during Purchaser's due diligence and will be subject to annual review and approval by AcquisitionCo's board of directors.

h) Lease. The Company shall have in place, at Closing, lease arrangements for its operating facilities located in Coquitlam, British Columbia and Port Coquitlam, British Columbia, on terms and conditions satisfactory to the Purchaser. Such arrangements shall include: (i) confirmation or assumption of the existing third-party lease for the Company's primary production facility, or the entry into a new lease agreement on market terms acceptable to the Purchaser, and (ii) the assignment, renewal, or replacement of any related-party lease agreements on arm's length, market-based terms acceptable to the Purchaser. Each such lease shall provide for a term of not less than five (5) years from Closing, with renewal options in favour of AcquisitionCo, or alternatively, an option for AcquisitionCo to acquire the underlying properties on terms to be mutually agreed.

i) Financing. Purchaser shall have obtained financing on terms satisfactory to Purchaser.

j) Ordinary Course. No action shall have been taken by the Company which would be outside the ordinary course of the business of the Company and no material adverse change having occurred in the affairs, operations, business, assets or financial condition of the Company since the date of the most recent financial statements of the Company that shall have been delivered to the Purchaser.

k) Documentation. The Purchaser shall have considered acceptable the documentation necessary for Closing the transaction.

l) Approval Process. Successful completion of the Purchaser's internal approval process.

1.7. **Additional Compensation (Phantom Equity)**. As a component of the Sellers ongoing incentive and alignment with the Purchaser's long-term objectives, Zanatta shall be granted a phantom equity interest in the Company (or a holding entity of the Company) (the **"Phantom Equity Interest"**). The Phantom Equity Interest shall be structured to provide Jason Zanatta with a right to a cash payment equal to twenty percent (20%) of the net proceeds actually received by the Purchaser (or its affiliates) solely in connection with a future sale, disposition, or other liquidity event involving the Company (or the relevant holding entity) within a ten (10) year period following Closing subject to certain thresholds to be agreed (a **"Liquidity Event"**). For greater certainty, no payments shall be made in respect of the Phantom Equity Interest except upon the occurrence and closing of a Liquidity Event, and no interim distributions, dividends, or other payments shall be payable in respect thereof.

The Phantom Equity Interest shall constitute a contractual right to a cash payment only and shall not represent any actual ownership interest, equity, voting rights, or rights to receive dividends or other distributions of earnings from the Company. The specific terms and conditions governing the Phantom Equity Interest, including vesting, payment mechanics, and definitions of "net proceeds" and "Liquidity Event," shall be set forth in a separate Phantom Equity Incentive Plan agreement or similar definitive document to be negotiated in good faith prior to the execution of definitive Transaction documents.

1.8. **Additional Compensation (Annual Performance Bonus)**. In addition to the Phantom Equity Interest, Jason Zanatta shall be entitled to participate in a management bonus compensation pool, which, subject to the annual approval of the board of directors of AcquisitionCo, will include a bonus pool equal to 20% of the amount by which the Company's actual annual profit exceeds the annual budgeted profit for the corresponding fiscal year. Any profit obtained during the year through acquisition will be excluded from the calculation.

1.9. **Conduct of Business**. The Company shall preserve and protect the business of the Company, income, goodwill, intellectual property and reputation; carry on the business of the Company with reasonable diligence and in the ordinary course; comply with all applicable laws; keep accurate accounting records and not make any modification in its usual accounting or management practices; and otherwise take such actions as may be necessary to permit to the extent applicable, the Purchaser and the Company to consummate the Transaction contemplated by, and in a manner not inconsistent with, this Letter of Intent. The Company shall not, except in the ordinary course of the business of the Company, consistent with past practice, without the prior written consent of Purchaser:

a) propose or initiate any new material operations;

b) authorize or make any material expenditures;

c) alter its share structure, pay dividends or make other distributions;

d) merge or acquire any entities or material assets;

e) alter or enter into any new employment or consulting arrangements or make any bonus, retention or severance payments;

f) sell or dispose of any Company assets outside the ordinary course of business;

g) enter into any new debt transactions or amend (or agree to amend or waive) any existing debt arrangements; or

h) issue (or agree to issue) any shares or securities convertible into shares of the Company or any of its subsidiaries. The Company shall keep Purchaser fully apprised of all developments and matters relating to the business of the Company and agrees not to take any action that is inconsistent with the terms of this Letter of Intent.

2. **Closing**. The Closing of the Transaction is anticipated to be June 30, 2026.

3. **Terms of this Letter of Intent.**

3.1. Access to information. To the extent reasonably required for the purpose of the Letter of Intent, the Company and Sellers will cause the Purchaser, it's counsel, accountants, insurance brokers, lenders and all other reasonable representatives of the Purchaser, including, but not limited to 54 North Asset Management Ltd. (the "**Representatives**") to have access, during normal business hours, prior to the Expiration Date, to all of the properties, books, contracts, and records of the Company, and will cause to be furnished to the Purchaser and their Representatives all such information concerning the affairs of the Company and the Shares as the Purchaser or such Representatives may reasonably request. The Purchaser and its Representatives shall have access to customers and suppliers of the Company for the purpose of gaining information subject to the condition that at least one officer of the Company shall participate in such discussions.

At all reasonable times during normal business hours, the Purchaser and its representatives shall have access, prior to the Expiration Date, to discuss the Company's business and affairs with management or any other employees of the Company, and the Company's designated advisors.

3.2. Exclusivity. During the term of this Letter of Intent, the Company and Sellers shall not directly or indirectly through any director, officer, employee, agent, representative (including, without limitation, investment bankers, lawyers and accountants) or otherwise, (i) solicit, initiate or encourage submission of proposals or offers from a third party, relating to any acquisition or purchase of all or a material portion of the Company's assets, or any equity interest in it, or any transaction, consolidation or business combination with it, or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or otherwise

Docusign Envelope ID: D2999632-662B-42A9-93AC-22FEAADEDA1F

cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any person to do or seek any of the foregoing.

3.3. Expiration. Unless extended by agreement of the parties, this Letter of Intent shall expire the earlier to occur of 90 days after the execution of this Letter of Intent or the execution delivery of the Purchase Agreement (the "**Expiration Date**"). Expiration of this Letter of Intent shall not otherwise limit any of the Purchaser's rights set forth herein.

3.4. Counterparts. This letter may be executed in one or more counterparts which when taken together shall constitute but a single instrument.

3.5. Arbitration. All claims demands, disputes, controversies, differences, or misunderstandings between the parties relating to this Letter of Intent shall be settled by arbitration and judgment on the award rendered by the arbitrator or arbitrators may be entered and enforced in any court having jurisdiction.

3.6. Non-competition Restrictions. The Company and its principles will be bound by a non-competition and non-solicitation agreement for a period of five (5) years commencing on the Closing Date. In the case of Zanatta, an additional five (5) year non-competition and non-solicitation period shall commence upon completion of the Engagement Term.

3.7. Public Disclosure. Neither the Company nor the Purchaser will make any disclosure of the existence of this Letter of Intent or any terms of this Letter of Intent without the consent of the other party, unless required by law.

3.8. Legal Effect. This Letter of Intent is intended to be a statement of the mutual interest of the parties with respect to a possible Transaction and is subject to execution delivery of a mutually satisfactory Purchase Agreement. Apart from the provisions of this Article 3, nothing herein shall constitute a binding commitment of either party. The parties will become legally obligated and with respect to the transaction only in accordance with the terms contained in the Purchase Agreement relating thereto if, as and when such document has been executed and delivered by the parties.

3.9. Costs. Each of the Company and Purchaser is liable for their own costs, expenses and professional fees (including brokers and finders' fees) incurred in connection with the Transaction.

[Balance of Page Intentionally Left Blank]

3.10. Governing Law. All agreements will be governed by the laws of the Province of Saskatchewan, without regard to conflict of laws principles.

As indicated above, we would expect to go forward immediately to prepare and negotiate a mutually satisfactory agreement while at the same time the Purchaser concludes the necessary due diligence investigations. If the foregoing is acceptable to the Sellers and the Company, please so indicate in the space provided below and return one signed original to us no later than April 24, 2026.

Sincerely,

54 NORTH ASSET MANAGEMENT LTD.

By:_____

ACCEPTED AND AGREED this 21 day of April 2026.

NOVO TEXTILE COMPANY LTD.

By: Jason Zanatta

Signed by:
Jason Zanatta
D2BC3A0FE4594DA
JASON ZANATTA

THE ZANATTA FAMILY TRUST

Signed by:
By: Jason Zanatta
D2BC3A0FE4594DA

DocuSigned by:
Brendan Robert Le Nobel
68B681891B48421...
WITNESS

This is Exhibit "**46**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Vivienne Zhang

From: Stark, Cory <cory.stark@nbc.ca>
Sent: Thursday, June 18, 2026 3:12 PM
To: Jason Zanatta <jasonz@novoshield.ca>
Subject: Share Purchase Agreement & Bank Pay Out (Novo Textile Company Ltd. Et al.)

[External Email – Use Caution]

Jason,

While we appreciate you forwarding on certain information over the past few days, based on what has been provided thus far and the fact that a number of our questions remain unanswered (responses that have been provided are not fulsome), the Bank does not share the view the Company has in that a transaction to fully pay out the Bank is imminent.

In the absence of more concrete information regarding the sale being provided in short order, the Bank will be placed in the position of having to assess all available options to protect its interests.

Regards,

NATIONAL BANK

Cory Stark
Senior Director, Special Loans
Direct: 780-969-8325
Cell.: 587-921-8921
E-Mail: cory.stark@nbc.ca

National Bank of Canada
Suite 600, 10180 – 101 Street NW, Edmonton, AB T5J 4K1

To contact us, visit nbc.ca. For unsubscribe options, click here.

Head office : 600, De La Gauchetière West, Montreal (Quebec) H3B 4L2

From: Jason Zanatta <jasonz@novoshield.ca>
Sent: June 17, 2026 11:06 AM
To: Stark, Cory <cory.stark@nbc.ca>
Subject: RE: Share Purchase Agreement & Bank Pay Out (Novo Textile Company Ltd. Et al.)

****
PRUDENCE/CAUTION - EXTERNE/EXTERNAL
****

Hi Cory,

Just following up on the Seaborne Holdings and Seaborne 2 Holdings payout statements, once I have them I can quickly get you the Vancity commitment letters for your records.

Thank you,

Jason Zanatta
CEO | President
Novoshield PPE Made in BC, Canada
M- 604-812-9385
E- jasonz@novoshield.ca

From: Jason Zanatta
Sent: June 16, 2026 12:46 PM
To: Stark, Cory <cory.stark@nbc.ca>
Subject: RE: Share Purchase Agreement & Bank Pay Out (Novo Textile Company Ltd. Et al.)

Hi Cory,

1. Cash at closing is indicated to be $13,000MM based on the Company being "on a cash-free and debt-free basis, subject to normal working capital adjustments". Does the Company have a sense as to what the adjustments are (reference is made to Section 1.4) and what net cash at closing will be? Presumably net cash at closing is sufficient to fully pay out the Bank's loans (we will generate a Pay Out Statement as requested with an effective date of June 30th), costs etc. and the Company can provide a waterfall to show how funds are expected to flow.
    1. I confirm the cash on close will absolutely be utilized pay out Novo's LOC & Equipment loan completely, plus any taxes etc, correct.

2. There are a significant number of conditions precedent to closing (reference is made to Section 1.6) detailed in the LOI (government approvals, financing etc.) – how far along are these conditions in being satisfied recognizing that closing is set for June 30th with a reported outside date of July 15th? Is there any supporting documentation to evidence that various conditions have been satisfied and that an outside closing date of July 15th is in fact realistic?
    1. See attached Draft SPA that has been largely agreed upon, both sets of lawyers are taking final spin through and I will send you the finalized version that will be signed upon closing as soon as I have it.
        1. Commercial & Financial DD are progressing well towards the target close date of June 30/ earlyJuly

3. It was mentioned on our earlier call that the Company would provide us with contact details for counsel the Company is using on this transaction. Can this be forwarded on as soon as possible so that our counsel can connect with them.
    1. I'll have our Lawyer from Clark Wilson send you an update this week confirming the above with regards to LOI, SPA and status of the deal as agreed.

4. What is the status of the financial information we had requested on our previous call (YTD financial statements etc.)?
    1. I will have these to you shortly

5. The Company mentioned that there were Term Sheet's in place for financing of the properties owned by Zanatta Seaborne Holdings Ltd. and Zanatta Seaborne 2 Holdings Ltd., please forward these on notwithstanding our understanding that proceeds from the share sale will be used to pay out Bank advances on these properties.
    1. Vancity will payout both commercial mortgages in parallel to the Share sale closing, they are credit approved, and ready to issue commitment letters, I am told they just need the payout statements for each of the property loans I requested, so they can finalize and send us the letters, which I will fwd to you upon receipt.
        1. If you could send me the payout stmts for each of the 2 seaborne property loans, I will get you the Vancity commitment letters soon thereafter

6. What is the status of the Purchase Agreement? It was indicated that a form (presumably draft) would be circulated to the Bank on Friday last week, but we have not seen anything yet.
    1. See attached draft and note above

Thank you,

Jason Zanatta
CEO | President
Novoshield PPE Made in BC, Canada
M- 604-812-9385
E- jasonz@novoshield.ca

From: Stark, Cory <cory.stark@nbc.ca>
Sent: June 16, 2026 9:43 AM
To: Jason Zanatta <jasonz@novoshield.ca>
Subject: Share Purchase Agreement & Bank Pay Out (Novo Textile Company Ltd. Et al.)

Thanks Jason.

We look forward to receipt of the information today.

Regards,

Cory Stark
Senior Director, Special Loans
Direct: 780-969-8325
Cell.: 587-921-8921
E-Mail: cory.stark@nbc.ca

National Bank of Canada
Suite 600, 10180 – 101 Street NW, Edmonton, AB T5J 4K1

To contact us, visit nbc.ca. For unsubscribe options, click here.

Head office : 600, De La Gauchetière West, Montreal (Quebec) H3B 4L2

From: Jason Zanatta <jasonz@novoshield.ca>
Sent: June 16, 2026 10:39 AM
To: Stark, Cory <cory.stark@nbc.ca>
Subject: Re: Share Purchase Agreement & Bank Pay Out (Novo Textile Company Ltd. Et al.)

****
PRUDENCE/CAUTION - EXTERNE/EXTERNAL
****

Morning Cory

Confirming receipt of your email, detailed response and more of the info over to you today, thank you

Jason Zanatta, Novo Textiles

On Jun 15, 2026, at 3:41 PM, Stark, Cory <cory.stark@nbc.ca> wrote:

Jason,

Thanks for forwarding on the non-binding LOI regarding the sale of the Company.

Quickly reviewing it we have the following comments/observations:

1. Cash at closing is indicated to be $13,000MM based on the Company being "on a cash-free and debt-free basis, subject to normal working capital adjustments". Does the Company have a sense as to what the adjustments are (reference is made to Section 1.4) and what net cash at closing will be? Presumably net cash at closing is sufficient to fully pay out the Bank's loans (we will generate a Pay Out Statement as requested with an effective date of June 30th), costs etc. and the Company can provide a waterfall to show how funds are expected to flow.
2. There are a significant number of conditions precedent to closing (reference is made to Section 1.6) detailed in the LOI (government approvals, financing etc.) – how far along are these conditions in being satisfied recognizing that closing is set for June 30th with a reported outside date of July 15th? Is there any supporting documentation to evidence that various conditions have been satisfied and that an outside closing date of July 15th is in fact realistic?
3. It was mentioned on our earlier call that the Company would provide us with contact details for counsel the Company is using on this transaction. Can this be forwarded on as soon as possible so that our counsel can connect with them.
4. What is the status of the financial information we had requested on our previous call (YTD financial statements etc.)?
5. The Company mentioned that there were Term Sheet's in place for financing of the properties owned by Zanatta Seaborne Holdings Ltd. and Zanatta Seaborne 2 Holdings Ltd., please forward these on notwithstanding our understanding that proceeds from the share sale will be used to pay out Bank advances on these properties.
6. What is the status of the Purchase Agreement? It was indicated that a form (presumably draft) would be circulated to the Bank on Friday last week, but we have not seen anything yet.

Regards,

<image011.png>

Cory Stark
Senior Director, Special Loans
Direct: 780-969-8325
Cell.: 587-921-8921
E-Mail: cory.stark@nbc.ca

National Bank of Canada
Suite 600, 10180 – 101 Street NW, Edmonton, AB T5J 4K1

To contact us, visit nbc.ca. For unsubscribe options, click here.

Head office : 600, De La Gauchetière West, Montreal (Quebec) H3B 4L2

<image012.png>
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From: Jason Zanatta <jasonz@novoshield.ca>
Sent: June 12, 2026 9:41 AM
To: Stark, Cory <cory.stark@nbc.ca>
Subject: RE: Contact Details & Information On Sale Etc. (Novo Textile Company Ltd. Et al.)

You don't often get email from jasonz@novoshield.ca. Learn why this is important

****
PRUDENCE/CAUTION - EXTERNE/EXTERNAL
****

Morning Cory,

Pleased to provide you the mutually executed LOI for the Novo Textile Company Share Sale. We are still targeting a close date of June 30th, but we acknowledged a realistic timing will likely be July 15th.

Likewise, I am hoping to please request current Payout Statements for each: 1) Zanatta Seaborne Holdings and 2) Zanatta Seaborne 2 Holdings loans be sent to me as soon as you're able as well. As those loans will both be paid out of proceeds/refi'd.

I will have a copy of the Share Purchase Agreement to you today by end of day.

Thank you,

Jason Zanatta
CEO | President
Novoshield PPE Made in BC, Canada
M- 604-812-9385
E- jasonz@novoshield.ca

<image001.png>

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This is Exhibit "**47**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

Stark, Cory

From: Leslie Wong <LWong@cwilson.com>
Sent: Tuesday, July 7, 2026 2:00 PM
To: Scott H. Stephens <sstephens@owenbird.com>
Subject: FW: Zanatta Seaborne Properties - Vancity Approval [CWILSON-C.FID2252788]

[External Email – Use Caution]

Hi Scott,

Appreciate that the demand is the standard 10-day period. However, as you know, we are currently negotiating the share purchase agreement with the buyer. At this time, we're expecting comments from the Buyer's counsel by tomorrow. While we're hopeful this transaction will close, I can't guarantee it will by July 16th.

As we anticipate using part of the purchase price proceeds and Vancity financing to pay off the NBC indebtedness in full, the closing of the transaction will be the best-case scenario for NBC's recovery.

Do you plan to enforce immediately at the expiry of the 10-day period (5 p.m. on July 16th), or would you be willing to hold off enforcement until early August if the transaction takes longer to close?

If you are willing to hold off for the short term, hopefully a formal forbearance agreement is not necessary. However, if it takes a month or more to close and your client is willing to forbear, would NBC be willing to enter into a forbearance agreement?

Leslie

From: Scott H. Stephens <sstephens@owenbird.com>
Sent: Monday, July 6, 2026 3:07 PM
To: Leslie Wong <LWong@cwilson.com>
Subject: RE: Zanatta Seaborne Properties - Vancity Approval [CWILSON-C.FID2252788]

[CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.]

Hi Leslie,

Much appreciated. Attached are courtesy copies of demands issued today.

Regards,

Scott H. Stephens
Owen Bird Law Corporation
direct tel. (604) 691-7521
direct fax. (604) 632-4447
web. www.owenbird.com

From: Leslie Wong <LWong@cwilson.com>
Sent: Monday, July 6, 2026 11:51 AM
To: Scott H. Stephens <sstephens@owenbird.com>
Subject: FW: Zanatta Seaborne Properties - Vancity Approval [CWILSON-C.FID2252788]

[External Email – Use Caution]

Hi Scott,

I'm forwarding the correspondence below for your information, with attached commitment letters.

Best regards,
Leslie

Leslie Wong (she/her/hers)
Partner

CLARK WILSON

Clark Wilson LLP
900-885 West Georgia Street | Vancouver, BC | V6C 3H1 | Canada
Tel: 604.891.7763 | Fax: 604.687.6314 | Email: LWong@cwilson.com
Leslie E. Wong Law Corporation
www.cwilson.com | Profile

Our firm operates from the traditional, ancestral, and historic territory of the Sḵwx̱wú7mesh (Squamish), Səl̓ilwətaʔ/Selilwitulh (Tsleil-Waututh), and xʷməθkʷəy̓əm (Musqueam) Nations

---

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---

From: Tyson Pollack <tyson@ashdowncapital.ca>
Sent: Monday, July 6, 2026 9:54 AM
To: Jason Zanatta <jasonz@novoshield.ca>; Leslie Wong <LWong@cwilson.com>
Subject: Zanatta Seaborne Properties - Vancity Approval

[CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.]

Hi Leslie,

I hope you're doing well. I'm writing to let you know that the Vancity mortgages against Jason's Seaborne properties have now been reapproved, so the financing is in place to takeout the National debt against these properties when the Novo sale closes.

As there is no change to the original approval, the existing commitment letters issued back in October still stand. I've reattached them for your reference.

Vancity has also confirmed they will be advising their counsel that closing is expected to take place this month.

Please let me know if you have any questions or need anything further in the meantime.

Thanks,

Tyson Pollack
Commercial Capital Advisor
M 778-867-7242 **E** tyson@ashdowncapital.ca
W www.ashdowncapital.ca

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This is Exhibit "**48**" referred to in the affidavit of Cory Stark affirmed before me at Vancouver this 31 day of Aug. 2026.

A Commissioner for taking Affidavits within British Columbia

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE RECEIVERSHIP OF

NOVO TEXTILE COMPANY LTD., NOVO HOLDINGS CO. LTD.,
ZANATTA SEABORNE HOLDINGS LTD. and ZANATTA SEABORNE 2 HOLDINGS LTD.

CONSENT TO ACT AS RECEIVER

DELOITTE RESTRUCTURING INC., a Licensed Insolvency Trustee, HEREBY CONSENTS to act as the court-appointed receiver and manager without security, of all of the assets, undertakings and property of Novo Textile Company Ltd., Novo Holdings Co. Ltd., Zanatta Seaborne Holdings Ltd., and Zanatta Seaborne 2 Holdings Ltd. (collectively, the "**Debtors**"), acquired for, or used in relation to a business carried on by the Debtors, including the lands and premises legally described as:

Parcel Identifier: 031-181-368

STRATA LOT 20 SECTION 8 RANGE 1 EAST NEW WESTMINSTER DISTRICT STRATA PLAN EPS7008

Parcel Identifier: 031-906-630

STRATA LOT 9 SECTION 8 BLOCK 6 NORTH RANGE 1 EAST NEW WESTMINSTER DISTRICT STRATA PLAN EPS9208

and all proceeds thereof.

DATED at the City of Vancouver, in the Province of British Columbia, this 26th day of August, 2026.

DELOITTE RESTRUCTURING INC.
Per:

Name: Paul Chambers
Title: Senior Vice President

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

Between

NATIONAL BANK OF CANADA

Petitioner

and

NOVO TEXTILE COMPANY LTD., NOVO HOLDINGS CO. LTD., ZANATTA SEABORNE HOLDINGS LTD., ZANATTA SEABORNE 2 HOLDINGS LTD., ZANATTA FAMILY TRUST by its trustee JASON MICHAEL ZANATTA, JASON MICHAEL ZANATTA, HIS MAJESTY THE KING IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, VANCOUVER CITY SAVINGS CREDIT UNION and ALL TENANTS OR OCCUPIERS OF THE SUBJECT LANDS AND PREMISES

Respondents

AFFIDAVIT

OWEN BIRD LAW CORPORATION
PO Box 1, Vancouver Centre II
2900–733 Seymour Street
Vancouver, B.C. V6B 0S6

Attention: Scott H. Stephens / Lily Y. Zhang
File No. 14719-0653