

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

SAFETY SEAL PLASTICS INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**APPLICATION RECORD
Returnable August 7, 2018**

July 27, 2018

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TAB 1

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NOTICE OF APPLICATION

TO THE RESPONDENT(S)

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for hearing before a Judge of the Commercial List on Tuesday, the 7th day of August, 2018 at 10:00 o'clock in the morning or as soon thereafter as this application can be heard at the Court House, 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving

your notice of appearance, serve a copy of the evidence on the Applicant's lawyer but not later than two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, AN ORDER MAY BE MADE IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. If you wish to oppose this application but are unable to pay legal fees, legal aid may be available to you by contracting a Local Legal Aid office.

DATE: July 27th, 2018

Issued by: *Ray Williams*

Ray Williams, Registrar

Address of Court office:
330 University Avenue
Toronto, Ontario M5G 1E6

TO: THIS HONOURABLE COURT

AND TO: THE ATTACHED SERVICE LIST AT SCHEDULE "A"

APPLICATION

1. **THE APPLICANT**, HSBC Bank Canada (“**HSBC**”), makes an application for:
 - (a) an Order (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as the receiver (the “**Receiver**”) of the property, assets and undertaking of Safety Seal Plastics Inc. (“**Safety Seal**” or the “**Company**”);
 - (b) an Order (the “**Approval, Vesting and Distribution Order**”): (i) approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale between Safety Seal and Labelink Products Inc. (“**Labelink**”) dated July 19, 2018 (the “**APS**”), as assigned to Labelink Flexibles Inc. (the “**Purchaser**”); (ii) vesting in the Purchaser Safety Seal’s right, title and interest in and to the assets described in the APS; and (iii) authorizing and directing the Receiver to distribute to HSBC and Royal Bank of Canada amounts from the net sale proceeds of the Transaction;
 - (c) if necessary, abridging the time for service of this Notice of Application and the Application Record, and directing that any further service of the Notice of Application and Application Record has been dispensed with; and
 - (d) such further and other relief as this Honourable Court deems just.

2. **THE GROUNDS FOR THE APPLICATION ARE:**
 - (a) Safety Seal is a supplier of shrink sleeve labels and other specialty printed products to the sports nutrition, craft beer, food and other industries. The Company’s head office and operating facility is located at leased premises at 400 Michener Road, Guelph, Ontario.

- (b) HSBC extended certain credit facilities (the “**Credit Facilities**”) to Safety Seal pursuant to a credit facility agreement most recently dated September 7, 2017 (the “**Credit Agreement**”). Safety Seal’s indebtedness to HSBC was secured by, among other things, general security agreements dated November 28, 2012 and November 23, 2016, granting HSBC a security interest in all of the Company’s personal property, assets and undertaking, which security interest was duly perfected by registration pursuant to the *Personal Property Security Act* (Ontario).
- (c) In January 2018, Deloitte was retained as financial consultant to HSBC and was advised by the Company that there were material accounting discrepancies and misstatements in the Company’s records. As part of its review, Deloitte determined that the Company’s borrowing availability under certain Credit Facilities had been overstated by approximately \$500,000, reducing the borrowing availability to \$1.6 million, the result of which was that the Company was out of margin by approximately \$1.1 million. The material accounting discrepancies and misstatements in the Company’s records occurred as a result of the actions of the then president of Safety Seal and were not approved by the Company’s board of directors. On or about February 12, 2018, the Company ended its relationship with this individual.
- (d) As a result of the Company’s significant over margin position and numerous other defaults under the Credit Facilities, by letter dated February 15, 2018, HSBC issued a demand for repayment by the Company of the entirety of its

indebtedness and obligations to HSBC together with a Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act*.

- (e) At the request of Safety Seal, HSBC and the Company subsequently entered into a forbearance agreement dated March 31, 2018 (the “**Forbearance Agreement**”). The Forbearance Agreement provided for on-going monitoring by Deloitte and permitted the Company time to seek and effect a refinancing or investor transaction. The forbearance period under the Forbearance Agreement (the “**Forbearance Period**”) was extended from time to time and most recently expired on June 15, 2018, after which date it was not subsequently extended.
- (f) During the Forbearance Period, the Company’s director, Frank Tannura, engaged with multiple potential investors (the “**Investment Solicitation Process**”) in order to secure additional financing or investment. The Company continued to sustain operating losses and its financial position continued to deteriorate during the same period.
- (g) Labelink was one of the parties involved in the Investment Solicitation Process. Labelink expressed an interest in acquiring substantially all of Safety Seal’s assets pursuant to a receivership proceeding and operating the Company’s business as a going concern.
- (h) The Company determined that Labelink’s offer was the best alternative in the circumstances and entered into a letter of intent with Labelink on June 28, 2018, followed by the APS.

- (i) The APS provided for, among other things: (i) unsecured funding in the amount of \$200,000 to cover the Company's immediate working capital needs prior to the Transaction closing; (ii) the continued employment of the majority of the Company's employees; and (iii) the continued operation of the Company as a going concern, without interruption to ongoing customer, supplier, and landlord relationships.
- (j) Given the Company's liquidity crisis, if the Transaction is not completed on an expedited basis, Safety Seal will not be able to continue operating and would be forced into a receivership or liquidation proceeding.
- (k) The proposed Transaction will result in a shortfall to the secured lenders, including HSBC. Nevertheless, the proposed Transaction is the most favourable outcome for all stakeholders and HSBC supports the Transaction.
- (l) For all the foregoing reasons, an order appointing the Receiver is just and convenient in the circumstances of this case.
- (m) Deloitte has consented to act as Receiver, if appointed by the Court.
- (n) The Transaction is the best alternative for all stakeholders given the liquidity crisis.
- (o) HSBC supports the Transaction.
- (p) Rules 1.04, 2.03, 3.02, 14.05(2), 41 of the *Rules of Civil Procedure*.
- (q) Section 243(1) of the *Bankruptcy and Insolvency Act*.
- (r) Section 101 of the *Courts of Justice Act*.

- (s) Such further and other grounds as counsel may advise and this Honourable Court may permit.
3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be filed in support of the application:
- (a) Affidavit of Frank V. Tannura sworn July 27, 2018 and the Exhibits attached thereto;
 - (b) consent of Deloitte to act as Receiver dated July 27, 2018;
 - (c) Pre-Filing Report of Deloitte dated July 27, 2018; and
 - (d) such further and other evidence as counsel may advise and this Honourable Court may permit.

July 27, 2018

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Lawyers for the Applicant, HSBC Bank Canada

Schedule "A"

SERVICE LIST

SERVICE LIST

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HSBC BANK CANADA

- and -

SAFETY SEAL PLASTICS INC.

Respondent

Applicant

Cv-18-00602 325-0066
Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

NOTICE OF APPLICATION

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Lawyers for the Applicant

TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
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B E T W E E N:

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AFFIDAVIT OF FRANK V. TANNURA
(sworn July 27, 2018)

I, FRANK TANNURA, of the City of Burr Ridge, in the State of Illinois, hereby MAKE OATH AND SAY AS FOLLOWS:

1. I am a director of the Respondent, Safety Seal Plastics Inc. (“**Safety Seal**” or the “**Company**”). I am also a manager and shareholder of Packaging Growth Investors, LLC (“**PGI**”), a shareholder of and secured lender to Safety Seal. As a result, I have knowledge of the matters contained in this affidavit. The facts set forth herein are within my personal knowledge or determined from the face of the documents attached hereto as exhibits and from information and advice provided to me from others. Where matters deposed to herein are based upon information and advice, I have identified the sources of the information and advice and I verily believe same to be true.

2. This affidavit is sworn in support of the application by the Applicant, HSBC Bank Canada (“**HSBC**” or the “**Bank**”) for the appointment of Deloitte Restructuring Inc. (“**Deloitte**”) as receiver (“**Receiver**”) under Section 243(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”) and Section 101 of the *Courts of Justice Act*, over the property, assets and undertakings of Safety Seal for the purpose of completing a sale of substantially all of Safety Seal’s business, property and assets to Labelink Products Inc. (“**Labelink**”).

BACKGROUND

3. Safety Seal is a corporation governed by the *Business Corporations Act* (Ontario). The registered office address for Safety Seal is in Guelph, Ontario. Attached hereto and marked as **Exhibit “A”** is a copy of the Corporate Profile Report for Safety Seal obtained on July 18, 2018.

4. Safety Seal is a supplier of shrink sleeve labels and other specialty printed products to the sports nutrition, craft beer, food and other industries.

5. Safety Seal carries on business from a leased facility located at 400 Michener Road, Guelph, Ontario (the “**Premises**”). The landlord of the Premises is 2478616 Ontario Inc. (the “**Landlord**”), a party unrelated to Safety Seal.

6. Safety Seal currently employs approximately 42 non-unionized employees. There is no employer sponsored pension plan.

7. Safety Seal Plastics, LLC (“**Safety Seal USA**”) is a related company to Safety Seal, and carries on a similar business from premises located in the Commonwealth of Virginia.

8. As detailed below, HSBC is the operating lender to Safety Seal. The Company also received a \$1.5 million term loan from Business Development Bank of Canada (“**BDC**”),

equipment financing from Royal Bank of Canada (“**RBC**”), and equipment financing from Hewlett-Packard Financial Services Canada Company (“**HP**”). PGI has outstanding secured loans to the Company with a principal amount totalling approximately \$3.6 million.

HSBC

9. Pursuant to a credit facilities letter dated September 7, 2017 (the “**Credit Facilities Letter**”), the Bank agreed to advance the following credit facilities to Safety Seal:

- (a) a demand operating revolving loan facility up to the maximum of \$3.5 million, subject to certain margining requirements;
- (b) a \$2.3 million demand non-revolving loan facility;
- (c) a \$50,000 MasterCard facility;
- (d) a US\$360,000 demand revolving foreign exchange facility; and
- (e) a US\$260,000 capital lease facility.

A copy of the Credit Facilities Letter is attached hereto and marked as **Exhibit “B”**.

10. As security for the obligations owed by the Company to HSBC, the following documents, among others, have been granted by Safety Seal in favour of the Bank:

- (a) a General Security Agreement dated November 23, 2016, a copy of which is attached hereto and marked as **Exhibit “C”** (the “**GSA**”); and
- (b) a Master Equipment Lease dated November 28, 2012 granted by Safety Seal, a copy of which is attached hereto and marked as **Exhibit “D”**.

11. Pursuant to the terms of the GSA, Safety Seal agreed that HSBC was entitled to the appointment of a receiver upon the occurrence of an event of default.

BDC

12. Pursuant to a letter of offer dated December 2, 2015 (the “**BDC Letter of Offer**”), BDC advanced a \$1.5 million term loan to the Company. The purpose of the loan was to finance the acquisition of shrink sleeve production equipment (the “**BDC Equipment**”). A copy of the BDC Letter of Offer is attached hereto and marked as **Exhibit “E”**.

13. As security for the Company’s obligations to BDC, Safety Seal granted to BDC a General Security Agreement dated December 22, 2015, a copy of which is attached hereto and marked as **Exhibit “F”**.

14. Pursuant to a Priority Agreement dated December 21, 2015 between Safety Seal, HSBC and BDC, the parties agreed that BDC’s security would have priority over HSBC’s security with respect to the BDC Equipment. A copy of the Priority Agreement, which contains a listing of the BDC Equipment, is attached hereto and marked as **Exhibit “G”**.

RBC

15. Pursuant to a Commitment to Lease Agreement dated January 27, 2017, RBC agreed to purchase, for the purpose of leasing to the Company, and install a lamination machine and a pouch making machine (the “**RBC Equipment**”). RBC agreed to pay up to \$875,000 to acquire the RBC Equipment to be leased to Safety Seal. The RBC Equipment was to be purchased by RBC by July 20, 2017. Safety Seal agreed to enter into a five (5) year lease with RBC for the RBC Equipment by that date, failing which the Company, on request by RBC, was required to purchase the RBC

Equipment. A copy of the commitment to lease agreement is attached hereto and marked as **Exhibit “H”**.

HP

16. Pursuant to an HP Transaction Document – HP Indigo Digital Printing Equipment and Optional Hardware effective June 5, 2017 (the “**HP Sale Agreement**”), the Company agreed to purchase an HP Indigo Digital Printing Equipment and Optional Hardware (the “**HP Equipment**”) from Indigo America, Inc., a wholly-owned subsidiary of HP Inc. A copy of the HP Sale Agreement is attached hereto and marked as **Exhibit “I”**.

17. Safety Seal obtained purchase financing for the HP Equipment from HP pursuant to an Enterprise Business Lease Agreement dated July 12, 2017 in the amount of US\$1,613,491 (the “**HP Lease Agreement**”), a copy of which is attached hereto and marked as **Exhibit “J”**.

18. Pursuant to the HP Lease Agreement, Safety Seal agreed to an 84-month lease, with an initial payment of US\$161,349.10 in the first month, and monthly lease payments for the remaining months of US\$19,495.51 per month. Interest was chargeable at 18% per annum on any payment arrears.

FINANCIAL DIFFICULTIES, DEFAULTS AND FORBEARANCES

19. In approximately November 2017, the Company’s board of directors discovered that the then president of Safety Seal, who was also a director and indirect shareholder of Safety Seal, had repeatedly provided materially misleading financial information, statements and other documents to the members of the board of directors and shareholders of Safety Seal. Additionally, he misappropriated Company funds for personal purposes and caused Safety Seal to enter into various self-dealing transactions with parties related to him, in breach of various agreements he was party

to, and his duties to Safety Seal. On or about February 12, 2018, the Company ended its relationship with this individual.

20. As a result of this discovery, the board of directors of Safety Seal became aware for the first time that the Company had a liquidity crisis and was in default under the terms of its agreements with HSBC and its other secured creditors.

HSBC

21. As its relates to HSBC, Safety Seal was in default of numerous terms of the Credit Facilities Letter, which included failure to make monthly principal payments under the capital loan facility beginning in December 2017, the operating loan facility exceeding the margining requirements by over \$679,000, and the failure to maintain certain financial ratios.

22. On February 13, 2018, counsel to HSBC sent a letter to counsel to Safety Seal confirming that the amount outstanding under the operating loan facility was in excess of the margin availability. As a result, no further borrowings were permitted by the Bank, and HSBC capped the amount of credit available under the operating loan facility at approximately \$2,500,000. A copy of the letter is attached hereto and marked as **Exhibit "K"**.

23. On February 15, 2018, the Bank, through its counsel, issued a letter terminating all credit facilities and demanding payment from Safety Seal. HSBC also issued a notice of its intention to enforce on its security under the BIA. A copy of the demand letter and notice are attached hereto and marked as **Exhibit "L"**.

24. At the request of Safety Seal, the parties entered into negotiations regarding the terms upon which the Bank would be prepared to forbear from taking steps to enforce its security.

25. On March 14, 2018, Safety Seal and the Bank, among others, entered into a forbearance letter agreement (the “**Forbearance Agreement**”) that provided, among other things, that HSBC would forbear from enforcing its security until March 31, 2018, subject to the conditions of the agreement. A copy of the Forbearance Agreement is attached hereto and marked as **Exhibit “M”**.

26. Pursuant to the Forbearance Agreement:

- (a) Safety Seal agreed to cooperate fully with Deloitte, who had been engaged as a consultant to HSBC;
- (b) Safety Seal agreed to the engagement of an appraiser by Deloitte to conduct a forced liquidation value appraisal of Safety Seal’s fixed assets; and
- (c) Safety Seal irrevocably consented to the appointment of a Receiver and agreed to fully co-operate with such Receiver.

27. The forbearance period under the Forbearance Agreement was subsequently extended to June 15, 2018 pursuant to extension letters dated April 3, 2018, May 3, 2018 and June 5, 2018, copies of which are collectively attached hereto and marked as **Exhibit “N”**.

BDC

28. On April 30, 2018, BDC sent a letter to the Company (the “**BDC Letter**”) which confirmed that, in consideration of HSBC’s forbearance, BDC was prepared to provide four (4) months principal payment postponement based on the terms and conditions set out in the letter. A copy of the BDC Letter is attached hereto and marked as **Exhibit “O”**.

29. As set out in the BDC Letter, Safety Seal is in default under the BDC Letter of Offer due to its failure to make the principal payments that were due on March 23, 2018 and April 23, 2018. Additionally, the Company's defaults with HSBC were considered defaults under the BDC Letter of Offer. BDC agreed to forbear from taking any steps to enforce its security over the BDC Equipment until June 29, 2018, provided that, among other things, the Company would continue to make regular monthly payments of interest.

RBC

30. On May 23, 2018, RBC, through its counsel, confirmed that no formal lease has been entered into for the RBC Equipment and that it was not agreeing to extend the time to enter into a lease. RBC requested that Safety Seal purchase RBC's right, title and interest in the RBC Equipment for the sum of \$858,988.27. A copy of the letter is attached hereto and marked as **Exhibit "P"**.

HP

31. On January 19, 2018, HP sent a letter to the Company confirming that Safety Seal was in default under the HP Lease Agreement and declaring all amounts to be due and payable. A copy of the letter is attached hereto and marked as **Exhibit "Q"**.

32. At the request of the Company, HP agreed to forbear from enforcing its rights under the HP Lease Agreement pursuant to the terms and conditions of a forbearance agreement dated February 16, 2018 (the "**HP Forbearance Agreement**"). A copy of the HP Forbearance Agreement is attached hereto and marked as **Exhibit "R"**.

33. Pursuant to the HP Forbearance Agreement, HP agreed to forbear until April 2, 2018, provided that, among other things, there would be an accommodation with respect to the rent

payments under the HP Lease Agreement such that \$10,000 was due to be paid to HP on execution of the agreement, \$5,000 was to be paid to HP weekly until March 20, 2018, and that, unless an agreement could be reached regarding alternative payment terms, the Company would continue the previously scheduled lease payments. Subsequent to April 2, 2018, there has not been an extension of the HP Forbearance Agreement. The Company did continue to make weekly payments of \$5,000 until May 24, 2018, but and has made no payments to HP since that date.

PGI

34. Over the past approximately eight (8) months, PGI has advanced in excess of \$600,000 to the Company to fund working capital shortfalls. These advances, and prior advances, total approximately \$3.6 million and are secured by a general security agreement granted by Safety Seal in favour of PGI dated January 11, 2018 (the “PGI GSA”). A copy of the Resolutions of the Directors of Safety Seal dated January 11, 2018 authorizing the delivery of the PGI GSA, together with an unsigned copy of the PGI GSA, are collectively attached hereto and marked as **Exhibit “S”**.

SALE PROCESS

35. Following the termination of the Company’s relationship with the previous president, the Company’s board of directors commenced two sets of initiatives. Firstly, the board brought in interim management to oversee the business and determine appropriate management structure and business strategy. Gene Gentili, a proven/experienced general manager/CEO, who has worked with me at three (3) separate companies over the past twenty-five (25) years, became interim CEO of Safety Seal. Mr. Gentili served in that role through May 2018.

36. Secondly, it was clear the Company needed to formulate a financial plan to put the business on solid financial footing following the misrepresentation of financial statements, and the negative impact of the related party transactions.

37. In the first thirty (30) days following the management change, it became evident that, while the Company had a strong market position, unique capabilities/products and could return to being a strategically and financially successful business with the right leadership and financial structure, the balance sheet was under severe stress and additional funding as well as a restructuring of obligations would be necessary.

38. I began to receive calls from other companies in the industry and principals with a history in the industry, as rumors concerning the Company's situation had surfaced in the marketplace. I entertained certain of these approaches, and also initiated a number of other dialogues in an attempt to identify potential investors who could bring capital and strategic capabilities to the Safety Seal business. The most significant of those dialogues are summarized below.

39. I also had discussions with other strategic players in the industry, and a couple of financial private equity investors. Nothing in the discussions with these strategic players suggested that a transaction could be agreed to at an attractive value. Based on the discussions with the private equity investors, I believed that only restructuring funds would be interested in the Company's situation and any transaction with such parties would be at discounted values for the senior secured creditors below those that have been agreed to in the transaction with Labelink.

Discussions with Prior Owner

40. I contacted the founder and former owner of Safety Seal (the "Prior Owner"), who had become aware of the former president's departure from the Company and expressed an interest in

the business. On March 9, 2018, the Company executed a non-disclosure agreement (“NDA”) with the Prior Owner, and on March 11, 2018 the Company provided a comprehensive set of financial information and other historical background to him.

41. The Prior Owner reviewed this information, and on March 14, 2018, he met with me and Jim Reilly, my primary partner in PGI and a director of Safety Seal, for several hours at the Premises.

42. On March 18, 2018, the Prior Owner indicated that he believed that the only way forward was to shrink the footprint of the Safety Seal business, take it through receivership and purchase only a limited portion of the existing equipment, primarily the assets upon which HSBC has first ranking security. The Prior Owner was not interested in acquiring the BDC, RBC or HP assets.

43. During April and May 2018, I had a number of discussions with the Prior Owner about possible transaction terms, but these discussions never resulted in a comprehensive, specific proposal. In my view, any transaction the Company might have been able to pursue with the Prior Owner would be inferior to the Labelink proposal for both the business, employees, and the Company’s secured creditors, as discussed below.

Discussions with Potential Strategic Partners

44. In March 2018, I was introduced to individuals who were the previous owners of a Toronto-based company that specialized in high-end decoration label, shrink/sleeve and flexible packaging. The individuals expressed an interest in making a substantial investment in Safety Seal and executed an NDA. The Company provided certain financial information to the individuals in early April 2018.

45. On April 5, 2018, I conducted a tour of the Premises with one of the individuals. Over the next few weeks, I had several telephone conversations with the individual, as well as an in person meeting on April 25, 2018. During the meeting, it became clear that the Company, given its liquidity issues, could not immediately support the extent of due diligence that the individual required. Additionally, on May 15, 2018, I was informed that the individual would be essentially unavailable until July 9, 2018.

46. On May 30, 2018, I met with the owner/operator of a Toronto based pressure sensitive label manufacturer. This individual expressed interest in a possible investment in Safety Seal and agreed to execute an NDA that evening. On that same day, the individual toured the Premises and a second meeting took place to discuss the business.

47. Between June 1 through 15, 2018, Safety Seal provided extensive financial information to this individual, and I had numerous extensive discussions with him. It became clear through these discussions that any transaction that this individual would participate in would include (1) him partnering with myself and Jim Reilly; (2) a formal receivership process would be required; (3) the senior creditors would realize a significant loss and the trade creditors would receive no consideration; and (4) HSBC would need to stay involved following the closing of such a transaction.

48. It was clear to me that any transaction that this individual would be interested in participating in would be inferior to the proposed Labelink transaction.

Labelink

49. Labelink contacted Safety Seal in early April 2018 and a meeting/plant tour was scheduled for April 24, 2018. On that day, I met with Stephen Bouchard, Labelink CEO, and Rob Bramer, partner with Parkview Capital, a significant shareholder in Labelink.

50. On May 11, 2018, the Company executed an NDA with Labelink, and on May 13, 2018 significant financial information was provided by Safety Seal.

51. Labelink quickly reviewed the information and began to frame the terms of a possible transaction. On May 17, 2018, Labelink indicated that the most likely path would be a formal filing that would result in the creditors taking a significant loss.

52. Over the next several weeks, Labelink and Safety Seal engaged in extensive negotiations over transaction terms and the Company supported extensive due diligence by Labelink and its advisors. Labelink also determined that it would only proceed with a transaction to acquire the Safety Seal business if it could also make an investment in Safety Seal USA. PGI and Labelink discussed the possibility of such a transaction.

53. On June 28, 2018, Labelink and Safety Seal executed a letter of intent (“LOI”) that would enable Labelink to acquire the Safety Seal business and a substantial portion of the Company’s assets. A copy of the LOI is attached hereto and marked as **Exhibit “T”**.

SALE TO LABELINK

54. As set out in the LOI, it was contemplated that a sale to Labelink would be completed by a Court-appointed Receiver, and that an approval and vesting order would be required to complete the sale transaction.

55. In accordance with the terms of the LOI, Labelink has funded \$135,000 to support the working capital needs of the Company and, in addition, has agreed to purchase and supply inventory to the Company. These funds will not be credited toward satisfaction of the purchase price.

56. Labelink and the Company heavily negotiated and entered an asset purchase agreement on July 19, 2018 (the "APS"), pursuant to which Labelink has agreed to purchase the business and substantially all of the Company's assets. Pursuant to the APS, Labelink has assigned the agreement to its subsidiary, Labelink Flexibles Inc. A copy of the APS is attached hereto and marked as **Exhibit "U"**.

57. A number of assets have been excluded from the sale transaction, including the BDC Equipment and the HP Equipment. Immediately following closing, the BDC Equipment and HP Equipment will be released to BDC and HP.

58. Labelink has also agreed to provide employment to 31 of the of the Company's 42 employees, and to take an assignment of the existing lease with the Landlord for the Premises.

59. There are no supplier agreements to be assigned to Labelink, as all inventory was supplied to the Company on a purchase order basis.

60. The purchase price under the APS is \$3.1 million, plus payment of any outstanding priority payables and, potentially, less the amount the HSBC operating line is drawn below a targeted balance at closing, if any. The parties have agreed that \$2.6 million of the purchase price is allocated to assets subject to HSBC's security, and \$500,000 is allocated to the RBC Equipment. HSBC and RBC have agreed to the allocations.

61. The sale transaction results in HSBC and RBC suffering significant shortfalls. Additionally, no funds will be available to repay the \$3.6 million secured loans PGI made to the Company. However, the amounts allocated to HSBC and RBC under the APS are in excess of the appraised values for such assets, as set out in the appraisal attached hereto and marked as Exhibit “V”.

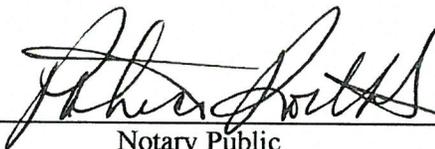
62. Notwithstanding that there will be no recovery for unsecured creditors, this application will be served on the four largest suppliers to Safety Seal, who collectively represent approximately 57.8% of the Company’s trade debt.

63. As noted above, Deloitte has been engaged as a consultant to HSBC since March 2018. I have kept Deloitte apprised of the steps the Company has taken in completing its informal sale process. I understand that Deloitte will be filing a report with the Court supporting the sale transaction.

64. As a result of the Company’s financial difficulties, it has limited cash flow availability, and its suppliers have effectively been operating on a COD basis. Because of cash flow constraints, Labelink has agreed to buy and supply inventory and is providing working capital funding to permit the Company to operate in the ordinary course until closing of the sale transaction. Safety Seal does not have sufficient liquidity available to it to carry out a further sale process or to continue to carry on business without the financial accommodation provided by Labelink. I have no reason to believe that a better transaction for the Company’s stakeholders can be obtained than the one negotiated with Labelink under these circumstances. It is my understanding that HSBC and RBC supports that conclusion.

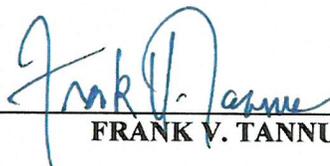
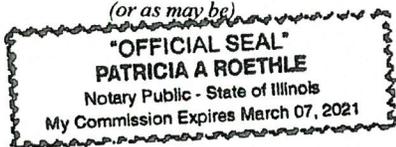
65. This affidavit is sworn in support of HSBC's application and for no other or improper purpose.

SWORN BEFORE ME at the County of
in the State of Illinois on July 27, 2018



Notary Public

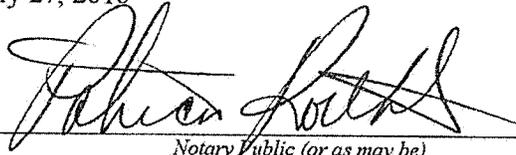
(or as may be)



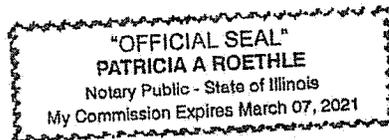
FRANK V. TANNURA

EXHIBIT “A”

This is Exhibit "A" referred to in the Affidavit of Frank V. Tannura
sworn July 27, 2018



Notary Public (or as may be)



Request ID: 021899294
Transaction ID: 68731846
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/18
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EXHIBIT "A"

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Amalgamation Date
1787534	SAFETY SEAL PLASTICS INC.	2009/04/01
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
400 MICHENER ROAD		NOT APPLICABLE
Suite # 1		New Amal. Number
GUELPH		NOT APPLICABLE
ONTARIO		Notice Date
CANADA N1K 1E4		NOT APPLICABLE
Mailing Address		Letter Date
400 MICHENER ROAD		NOT APPLICABLE
Suite # 1		Revival Date
GUELPH		NOT APPLICABLE
ONTARIO		Continuation Date
CANADA N1K 1E4		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification	Number of Directors	
NOT AVAILABLE	Minimum	
	00001	
	Maximum	
	00010	
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE

Request ID: 021899294
Transaction ID: 68731846
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/18
Time Report Produced: 09:34:01
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CORPORATION PROFILE REPORT

Ontario Corp Number

1787534

Corporation Name

SAFETY SEAL PLASTICS INC.

Corporate Name History

SAFETY SEAL PLASTICS INC.

Effective Date

2009/04/01

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Amalgamating Corporations

Corporation Name

G & T MACLEAN HOLDINGS INC.

SAFETY SEAL PLASTICS INC.

Corporate Number

1104173

816739

Request ID: 021899294
Transaction ID: 68731846
Category ID: UNE

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

1787534

Corporation Name

SAFETY SEAL PLASTICS INC.

Administrator:

Name (Individual / Corporation)

MASROOR

MASOOD

Address

6728 LISGAR DRIVE

MISSISSAUGA
ONTARIO
CANADA L5N 6S7

Date Began

2018/02/20

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

MASROOR

MASOOD

Address

6728 LISGAR DRIVE

MISSISSAUGA
ONTARIO
CANADA L5N 6S7

Date Began

2018/02/20

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Request ID: 021899294
Transaction ID: 68731846
Category ID: UNE

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

1787534

Corporation Name

SAFETY SEAL PLASTICS INC.

Administrator:

Name (Individual / Corporation)

MASROOR

MASOOD

Address

6728 LISGAR DRIVE

MISSISSAUGA
ONTARIO
CANADA L5N 6S7

Date Began

2018/02/20

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

MASROOR

MASOOD

Address

6728 LISGAR DRIVE

MISSISSAUGA
ONTARIO
CANADA L5N 6S7

Date Began

2018/02/20

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Y

Request ID: 021899294
Transaction ID: 68731846
Category ID: UNE

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

1787534

Corporation Name

SAFETY SEAL PLASTICS INC.

Administrator:

Name (Individual / Corporation)

JAMES
G.
REILLY

Address

1415 W. 22ND STREET

OAKBROOK
ILLINOIS
UNITED STATES OF AMERICA 60523

Date Began

2015/06/10

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

N

Administrator:

Name (Individual / Corporation)

FRANK
V.
TANNURA

Address

4645 W. CHICAGO AVENUE

CHICAGO
ILLINOIS
UNITED STATES OF AMERICA 60657

Date Began

2015/06/10

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

N

Request ID: 021899294
Transaction ID: 68731846
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/18
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CORPORATION PROFILE REPORT

Ontario Corp Number

1787534

Corporation Name

SAFETY SEAL PLASTICS INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2018/03/14 (ELECTRONIC FILING)

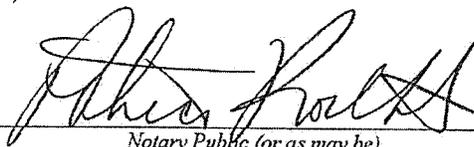
THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

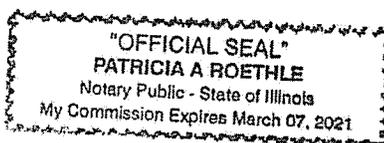
The issuance of this report in electronic form is authorized by the Ministry of Government Services.

EXHIBIT “B”

This is Exhibit "B" referred to in the Affidavit of Frank V. Tannura
sworn July 27, 2018



Notary Public (or as may be)



EXHIBIT

"B"



Safety Seal Plastics Inc.
September 7, 2017

Safety Seal Plastics Inc.
400 Michener Rd, Unit # 1
Guelph, ON N1K 1E4

Attention: Mike Bedrosian and Frank Tannura
PERSONAL AND CONFIDENTIAL

Dear Sirs:

On the basis of the financial and other information, representations, warranties and documents provided by the Borrower (as defined below), HSBC Bank Canada (the "Bank") is pleased to offer the following credit facilities (the "Credit Facilities") on the terms and conditions set out below. Additional terms and conditions are contained in the Schedule(s) attached to this facility letter (this letter and all attached Schedule(s) constituting collectively, the "Facility Letter"). All capitalized terms not otherwise defined in this letter shall have the meanings ascribed to them in Schedule A. This Facility Letter shall replace all previous facility letters and any amendments related thereto between Safety Seal Plastics Inc. as borrower, and the Bank as lender, except as otherwise provided herein.

BORROWER

Safety Seal Plastics Inc. (the "Borrower").

GUARANTOR(S)

Michael Bedrosian, Frank Tannura and Bedrosian Holdings Inc. (formerly 2281373 Ontario Inc.) (collectively, the "Guarantors" and each a "Guarantor").

If there are two or more Guarantors, each of the Guarantors agrees that it shall be jointly and severally liable with all of the other Guarantors.

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

CREDIT FACILITIES

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

1. Operating Loan Facility

1.1 Amount

Demand operating revolving loan facility ("Operating Loan Facility") available by way of any of the types of advances and other credit described in Section 1.3 (below) up to but not exceeding the lesser of: (a) the Margin Requirement (as defined in Section 6 below); and (b) the aggregate (for all such types of advances and other credit) CAD 3,500,000 (or the USD Equivalent), subject to the Maximum Limit.

cb l

1.2 Purpose

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

1.3 Availability

Loan advances and other credit under the Operating Loan Facility ("Operating Loans") are available by way of:

- (a) CAD account overdraft ("CAD Overdraft Loans"); and
- (b) USD account overdraft ("USD Overdraft Loans").

The Borrower shall ensure that the amounts advanced and outstanding under the Operating Loan Facility shall at no time exceed the Maximum Limit in the applicable currency.

1.4 Repayment

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

In the event of demand for repayment by the Bank, the Borrower shall deliver cash collateral to the Bank to fully secure its obligations to the Bank.

1.5 Interest

Until demand for payment is made by the Bank, interest on the outstanding principal balance of all Loans and other credit advanced under the Operating Loan Facility shall, unless otherwise provided, be calculated and payable as follows: The Bank has approved a 25bps reduction to the rates noted below which will come into effect upon acceptance of this Facility Letter:

- (a) for CAD Overdraft Loans, the Bank's Prime Rate plus 1.25% per annum calculated monthly in arrears on the daily balance, payable on the last Business Day of each month;
- (b) for USD Overdraft Loans, the Bank's U.S. Base Rate plus 1.25% per annum on the basis of a year of 360 days, calculated monthly in arrears on the daily balance, payable on the last Business Day of each month; or

1.6 Fees

The Borrower shall pay to the Bank:

- (a) an administration fee of CAD 250 payable on the first Business Day of each month with respect to the previous month;
- (b) annual review of CAD 4,000 shall be debited from account 182-154254-001.
- (c) late reporting fee of CAD 100 can be applied weekly if deemed late per reporting requirements at the discretion of the Bank;
- (d) interim margin update fee of CAD 100;

2. Capital Loan Facility

2.1 Amount

CAD 2,300 000 demand non-revolving loan facility (the "Capital Loan").

2.2 Purpose

To provide working capital by refinancing fixed assets owned by the Borrower.

2.3 Availability

The Capital Loan was advanced by way of single advance on November 26, 2016 by way of:

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

2.4 Repayment

All amounts outstanding under the Capital Loan shall be repaid on demand by the Bank and until such demand,

The Borrower shall make monthly payments of interest only for the first 12 months following the advance. Thereafter, the Borrower shall make monthly principal repayments of CAD 50,000, together with monthly payments of accrued interest calculated at the applicable rate, per annum for each CAD Prime Rate Loan, on the last Business Day of each month commencing in the month following the month in which the initial advance of the Capital Loan is made.

The Capital Loan shall, in any event, be repaid in full by September 30, 2021, subject to the Bank's unfettered rights of demand for accelerated payment at any time.

2.5 Interest

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

- (a) for a CAD Prime Rate Loan, the Bank's Prime Rate plus 1.25% per annum accruing daily, calculated monthly in arrears on the daily balance, payable as provided in Section 2.4; The Bank has approved a 25bps rate decrease to the rate as noted above which will take effect upon acceptance of this Facility Letter.

3. MasterCard Facility

3.1 Amount

Up to CAD 50,000 (the "MC Facility").

3.2 Purpose

To provide business expense cards for employees of the Borrower.

3.3 Availability

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

3.4 Fees

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

3.5 Repayment

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

4. Foreign Exchange Facility

4.1 Amount

Demand revolving foreign exchange facility up to a permitted maximum of USD 360,000 or the Canadian Dollar Equivalent thereof calculated on a mark to market basis by the Bank (the "Foreign Exchange Facility Limit").

4.2 Purpose

Advances as one or more Loans are available to purchase foreign exchange forward contracts for major currencies identified and approved by the Bank for periods up to one year, subject to an overall maximum outstanding amount equal to the Foreign Exchange Facility Limit and subject to the Availability Requirements (in Section 4.3 below), in order to hedge against currency fluctuations in connection with the import purchases and export sales by the Borrower.

4.3 Availability Requirements

The Borrower shall ensure that the Foreign Exchange Percentage (as defined below) of the aggregate face amount of outstanding foreign exchange forward contracts at no time exceeds the Foreign Exchange Facility Limit. For purposes of this Facility Letter the "Foreign Exchange Percentage" means the notional risk percentage established and recorded by the Bank from time to time, based on the Bank's assessment of the foreign exchange market. All amendments made to the Foreign Exchange Percentage as announced by the Bank from time to time will be binding on the Borrower and shall form part of this Facility Letter.

4.4 Repayment:

All liabilities of the Bank under forward foreign exchange contracts shall be paid by the Borrower on demand by the Bank and, unless and until otherwise demanded, such contracts shall be fulfilled by the Borrower as they fall due.

5. Capital Lease Facility

5.1 Amount

Up to USD 260,000 (the "Lease Facility").

5.2 Purpose

To finance up to 100% of the cost of fixed assets to be leased by the Borrower.

5.3 Availability

Subject to availability, the terms of each lease (a "Lease") under the Lease Facility will be set out in an offer by the Bank's Leasing Department to the Borrower and shall be subject to the Borrower entering into a master lease agreement with the Bank.

5.4 Repayment

Payments under the Lease Facility shall be determined with respect to each Lease at the time of the offer by the Bank's Leasing Department, subject to the Bank's unfettered rights of demand for accelerated payment at any time.

6. Margin Requirement

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

(a) the amount advanced and liabilities outstanding under the Operating Loan Facility by way of CAD Overdraft Loans and USD Overdraft Loans shall at no time exceed the aggregate of (the "Margin Requirement"):

- (i) 75% of Acceptable Receivables; plus
- (ii) 80 % of under 120 day Acceptable Receivables from major* customers of the Borrower approved by the Bank; plus
- (iii) 90% of Insured Receivables, subject to maximum amounts specified in any insurance certificate; plus
- (iv) the lesser of 50% of Acceptable Raw Materials Inventory and CAD 1,750,000; less
- (v) Potential Prior Ranking Claims; less
- (vi) Receivables of the Borrower that have been sold or factored, whether to the Bank or another third party.

*major customers approved by the Bank Hormel Foods, Bausch & Lomb, BIC, CIBA Vision/Alcon/Novartis, Colgate-palmolive, Iovate, Mike's hard lemonade, Purina Canada, 3M Canada Inc., HJ Heinz Company (Heinz), Novartis Consumer Health, Pfizer Canada Inc.

7. Loan Documents

7.1 Loan Documents

The liability, indebtedness and obligations of the Borrower under all of the Credit Facilities shall be evidenced, governed and secured, as the case may be, by the following documents (which, together with any other loan or security documents required by this Facility Letter, are referred to collectively as the "Loan Documents") completed in a form and manner satisfactory to the Bank:

- (a) agreement for USD and CAD Line of Credit by way of Current Account Overdraft, from the Borrower;
- (b) guarantee and postponement of claim from the Michael Bedrosian of the indebtedness of the Borrower to the Bank limited to CAD 200,000 plus interest and charges as set out in the guarantee;

Safety Seal Plastics Inc.
September 7, 2017

- (c) guarantee and postponement of claim from Frank Tannura of the indebtedness of the Borrower to the Bank in the amount of CAD 125,000 plus interest and charges as set out in the guarantee;
- (d) guarantee and postponement of claim from Bedrosian Holdings Inc. of the indebtedness of the Borrower to the Bank in the amount of CAD 125,000 plus interest and charges as set out in the guarantee, supported by Security Agreement over Cash, Credit Balances and Deposit Instruments by Third Party;
- (e) master lease agreement and other Loan Documents from the Borrower as required in connection with the Lease Facility;
- (f) general security agreement from the Borrower creating a first priority security interest in all present and after acquired property of the Borrower (including intellectual property, if any);
- (g) assignment of all risk insurance from the Borrower with coverages (including extended coverage, public liability coverage and business interruption coverage) and in amounts and from an insurer acceptable to the Bank in each case, on all of the Borrower's real and personal property, showing the Bank as first loss payee with standard mortgage endorsement for property damage coverage (and as an additional insured for public liability coverage), as acknowledged/consented to by relevant insurer(s) or the authorized representative of the insurer;
- (h) assignment of accounts receivable insurance from the Borrower with respect to such insurance provided by Coface North America Insurance Company to the Borrower;
- (i) agreement for foreign exchange contracts from the Borrower;
- (j) unlimited assignment and postponement from each of Michael Bedrosian, Bedrosian Holdings Inc. and Packaging Growth Investors LLC. in favour of the Bank of all present and future amounts owing to them by the Borrower;
- (k) priority agreement from Business Development Bank of Canada ("BDC") as required by the Bank and its solicitors;
- (l) all supporting officer's certificates, certificates of status (or good standing) and other certificates in connection with each Credit Party as the Bank may reasonably require which shall confirm, among other things, the constitutional documents for each Credit Party, incumbent officers with specimen signatures of authorized signatories, and the applicable authorizing resolutions for the Loan Documents, together with legal opinion of the solicitors acting for each Credit Party confirming power and capacity of each Credit Party, existence, due authorization, execution, delivery and enforceability of the Loan Documents to which each is a party and the priority of the security interests granted by each to the Bank;
- (m) MasterCard Agreement; and
- (n) such other Loan Documents as the Bank may reasonably request in order to register or otherwise perfect the security interests granted to the Bank.

7.2 Registration and Priority; Counsel Fees

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

8. Conditions Precedent

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

- (a) The Loan Documents, duly authorized, executed and delivered, and, as relevant, duly registered;

9. Covenants and Conditions

- (a) Without limiting the Bank's right to demand repayment of any outstanding amounts, the Borrower covenants and agrees with the Bank that, so long as any indebtedness, liability and obligations of the Borrower to the Bank remain outstanding, it shall not and the Guarantors shall not, without the prior written consent of the Bank:

- (i) permit its ratio of Debt to TNW to at any time exceed 2.50 to 1.0;
- (ii) permit its ratio of current assets to current liabilities including Off-Balance Sheet Arrangements to at any time to be less than 1.25 to 1.0. For the purposes hereof, the amount of debt scheduled to be repaid at least one year plus one day from the balance sheet date may be excluded from current liabilities. Current assets shall exclude amounts due from related companies and affiliates;
- (iii) permit its Debt Service Coverage to be less than 1.25 to 1.0 at any time calculated annually ;

The Borrower and the Guarantors agree that the foregoing financial tests shall be calculated by the Bank monthly and annually using internally prepared and fiscal year-end audited financial statements of the Borrower or with such other statements as the Bank may agree to use from time to time and any amounts not in CAD shall be calculated at the Canadian Dollar Equivalent.

- (b) In the event of a covenant breach, shareholders are required to inject funds in an amount sufficient to correct the breach(es).
- (c) The Borrower and the Guarantors agree to give the Bank written notice of any of the following events as soon as possible and in any event within 5 Business Days of the occurrence thereof:
- (i) any litigation, proceeding or dispute affecting the Borrower or Guarantor which if adversely adjudged, mediated or arbitrated could reasonably be expected to constitute a Material Adverse Change;
- (ii) any representation and warranty given by the Borrower or Guarantor to the Bank being false or misleading;
- (iii) the death, dissolution, merger or insolvency of any Guarantor;

- (iv) any notice from any Governmental Authority with respect to any violation, possible violation, non-compliance or possible non-compliance or claim which constitutes or could reasonably be expected to constitute a Material Adverse change;
- (d) The Borrower and the Guarantors shall give the Bank at least 5 Business Days prior notice of any proposed change of name by the Borrower or any Guarantor and any proposed change in governing jurisdiction or location of the Borrower or any Guarantor.
- (e) At the 2018 full annual review of the credit facilities of the Borrower and upon receipt of the March 31, 2018 fiscal year-end audited financial statements satisfactory to the Bank and showing covenant compliance, the Bank undertakes to release the personal guarantees of Michael Bedrosian and of Frank Tannura.

10. Reporting Requirements

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

- (a) monthly on the 30th day of each month,:
 - (i) an aged list of accounts receivable of the Borrower;
 - (ii) an aged list of accounts payable of the Borrower;
 - (iii) an internally-prepared income statement and balance sheet for the Borrower;
 - (iv) a detailed statement of Off Balance Sheet Arrangements of the Borrower; and
 - (v) a certificate calculating the Margin Requirement and confirming margin compliance and a certificate of covenant compliance in the form requested by the Bank;
- (b) annually, within 120 days of the Borrower's fiscal year end:
 - (i) audited financial statements for the Borrower;
 - (ii) notice to reader financial statements for related companies Bedrosian Holdings Inc, Packaging Growth Investors LLC and Safety Seal LLP *at the Bank's request* ;
 - (iii) detailed annual financial projections for the next year *at the bank's request*;
- (c) such additional financial statements and information as and when requested by the Bank.

11. Counterparts and Electronic Communication

This Facility Letter and each Loan Document may be executed in one or more counterparts, each of which when so executed when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Facility Letter or Loan Document by facsimile or by Electronic Communication shall be as effective as physical delivery of an original counterpart signed manually.

Safety Seal Plastics Inc.
September 7, 2017

This Facility Letter (and each Loan Document) may be signed by handwritten signature or electronically by using technology acceptable to the Bank. To evidence execution of this Facility Letter (or any Loan Document), the Borrower or Guarantor, as applicable, must deliver and return to the Bank an executed copy of each with the original handwritten signatures of the Borrower's (or Guarantor's, as applicable) duly authorized signatories (or Electronic Signatures of such signatories if so permitted by the Bank) by physical delivery, or if so permitted by the Bank, by facsimile, email or other electronic delivery or transmission and such transmission shall constitute delivery of an executed copy of the Facility Letter or relevant Loan Document. If the Borrower (or Guarantor) uses an electronic signature to indicate its agreement, it shall ensure that its electronic signature is attached to or associated with this Facility Letter (or such Loan Document).

12. Notices

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

If to the Borrower, addressed as follows:

400 Michener Rd. Unit #1
Guelph, ON N1K 1E4
Attention: Michael Bedrosian, President

Email:

If to the Bank, addressed as follows:

HSBC Bank Canada
4550 Hurontario St. Mississauga, ON L5R 4E4
Attention Richard Bird, Senior International Relationship Manager

Email: richard_bird@hsbc.ca

If to the Guarantor, addressed as follows:

<Name of Guarantors>
Michael Bedrosian and Frank Tannura
c/o 400 Michener Rd. Unit #1, Guelph, ON N1K 1E4

Email: michael@safetyseal.ca

ftannura@comcast.net

13. Lapse and Cancellation

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

Credit Facilities under this Facility Letter are uncommitted and, notwithstanding any other provision of this Facility Letter, the Bank may, at any time, in its sole discretion on notice to the Borrower: (i) terminate the Borrower's right to make requests

for credit or advances under the Credit Facilities; (ii) even if the Bank has not terminated the Borrower's right to request credit or advances under the Credit Facilities, decline any request for credit or advances under the Credit Facilities and refuse to honour any cheques or other payment items; (iii) demand repayment of all outstanding indebtedness and liability of the Borrower at any time, all upon such notice and otherwise in accordance with applicable law as the Bank may determine.

14. Cross Default

If the Borrower under the respective credit facilities with the Bank, or any other lender, including without limitation, BDC is in default under such credit facilities with the Bank or any other lender, then the Borrower shall be deemed to be in default of all credit facilities provided by the Bank including, the Loan(s) outlined herein.

15. Schedules

Each of the following Schedules and Appendices attached hereto comprise part of the Facility Letter:

Schedule A - Definitions and Additional Terms and Conditions

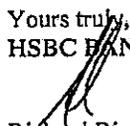
16. Language Choice

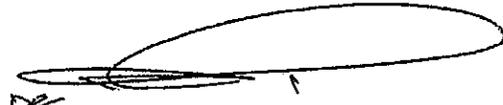
The parties hereto have requested that this Facility Letter and any document relating thereto be drafted in English. Les parties aux présentes ont exigé que cette et tout document y afferent soient rédigés en anglais.

17. Acceptance

The offer of credit upon the terms and conditions contained in this Facility Letter may be accepted by the Borrower(s) and the Guarantor(s) signing, dating and delivering a copy of this Facility Letter to the Bank by 5:00 p.m. local time on September 22, 2017. Failing such acceptance and delivery to the Bank, this offer shall be of no further force or effect.

Yours truly,
HSBC BANK CANADA


Richard Bird
Senior International Relationship Manager
Commercial Banking


Arun Rebello
Assistant Vice President
Commercial Banking

Safety Seal Plastics Inc.
September 7, 2017

The undersigned hereby acknowledge(s) and agrees to the terms and condition(s) of this Facility Letter this 7th day of September, 2017

BORROWER
Safety Seal Plastics Inc.

Per: M. Bedrosian
Authorized Signatory
Title:
Name:

THE PERSONAL GUARANTORS:

M. Bedrosian
Michael Bedrosian

Frank Tannura
Frank Tannura

THE CORPORATE GUARANTOR:

Bedrosian Holdings Inc.
(formerly 2281373 Ontario Inc., which
amalgamated to form Bedrosian Holdings Inc.)

Per: M. Bedrosian
I/We have authority to bind the corporation
Name:
Title:

POSTPONING PARTIES:

Packaging Growth Investors, LLC

Per: Frank Tannura
I/We have authority to bind the corporation
Name:
Title:

Michael Bedrosian

M. Bedrosian

Bedrosian Holdings Inc.
(formerly 2281373 Ontario Inc., which
amalgamated to form Bedrosian Holdings Inc.)

Per: M. Bedrosian
I/We have authority to bind the corporation
Name:
Title:

SCHEDULE A

**TO FACILITY LETTER
FROM HSBC BANK CANADA
TO SAFETY SEAL PLASTICS INC.
DATED SEPTEMBER 7, 2017**

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

I. Definitions

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

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

“Acceptable Receivables” means the aggregate of accounts receivable of the Borrower, determined by the Bank from the most recent financial statements and aged list of accounts receivable of the Borrower, over which the Bank holds a first ranking security interest, subject only to Potential Prior Ranking Claims and Permitted Encumbrances, from customers approved by the Bank and which are aged from invoice date and which have been outstanding for not more than 90 days, from which shall be excluded: (i) accounts receivable from related or affiliated corporations or other non-arm's length Persons; (ii) warranty claims receivable; (iii) tax refunds; (iv) rebates; (v) discounts (whether cash discounts, volume discounts, promotional/advertising discounts or otherwise); and (vi) accounts which are disputed by the Borrower's customers; (vii) contra accounts and trade accounts receivable subject to offset; (viii) such excessive concentration of trade accounts receivable from a single customer and affiliates or from a single region or other category as the Bank may determine and notify to the Borrower; (ix) the amount of Potential Prior Ranking Claims; (x) such other exclusions and deductions, if any, which have been communicated by the Bank to the Borrower in writing. For purposes of clarity: (a) if any portion of an account receivable has been outstanding for more than 90 days from the invoice date (or such other date as approved by the Credit Department of the Bank and communicated to the Borrower), the entire account receivable shall be excluded from the calculation of the Margin Requirements; (b) with respect to any portion of an account receivable that has been outstanding for 90 days or less from the invoice date, such portion may be included in the calculation of the Margin Requirements provided that: (i) such over 90 day portion is less than 10% of the specific account receivable (over 120 days for major accounts); and (ii) such over 90 day portion is less than CAD 100,000 (over 120 days for major accounts); and (iii) the overall bad debt experience of the Borrower has been acceptable to the Bank.

“Bank Branch” means the branch of the Bank first described in the Facility Letter or as otherwise advised by the Bank from time to time.

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

“Bank's USD Fixed Rate” means the annual fixed rate of interest offered by the Bank and accepted by the Borrower for the requested funds in USD for a period of 30, 60, 90, or 180 days or 1, 2, 3, 4 or 5 years, as selected by the

Borrower (but in any event not diminishing or prejudicing the rights of the Bank to demand payment of all indebtedness and liabilities under the Credit Facilities at any time) but in no event shall such interest rate be less than 0% per annum. A certificate of a manager or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Bank's USD Fixed Rate from time to time.

"Bank's Prime Rate" means the variable annual rate of interest per annum established and adjusted by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on commercial loans in Canada denominated in Canadian dollars based on the actual number of days in a year (whether 365 or 366 days) and which was 3.20% per annum on September 6, 2017 but in no event shall such interest rate be less than 0% per annum. A certificate of a manager or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Bank's Prime Rate from time to time.

"Bank's U.S. Base Rate" means the variable annual rate of interest established and adjusted by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on commercial loans denominated in United States dollars in Canada based on a year of 360 days, and which was 4.25% per annum on September 6, 2017 but in no event shall such interest rate be less than 0% per annum. A Certificate of a manager or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Bank's U.S. Base Rate from time to time.

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

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

"CAD Cost of Funds Loan" means a Loan to the Borrower in CAD on which interest is calculated at the CAD Cost of Funds Rate for an Interest Period, subject to availability, and subject to the minimum amounts and multiples thereof as stipulated in the Facility Letter.

"CAD Cost of Funds Rate" means on any day, as provided for in the Facility Letter.

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

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

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

"CDOR Rate" means on any day the annual rate of interest which is the rate determined as being the average of the quotations of all financial institutions listed in respect of the rate for Canadian dollar bankers' acceptances, having a term to maturity equal to the relevant Interest Period, displayed and identified as such on the "Reuters Screen CDOR Page" (as defined in the International Swap Dealer Association, Inc. definitions, as modified and amended from time to time) as of 10:00 a.m. Toronto, Ontario local time on such day and, if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Bank after 10:00 a.m. Toronto, Ontario local time to reflect any error in a posted rate of interest or in the posted average annual rate of interest with notice of such adjustment in reasonable detail evidencing the basis for such determination being concurrently provided to the Borrower). If such rates are not available on the Reuters Screen CDOR Page on any particular day, then the CDOR Rate on that day shall be the rates applicable to Canadian dollar bankers' acceptances having a term to maturity equal to the relevant Interest Period quoted for borrowers in Canada by the Bank as of 10:00 a.m. Toronto, Ontario local time on such day; or if such day is not a Business Day, then on the immediately preceding Business Day.

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

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

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

"Credit Party" means each Borrower and each Guarantor.

"DC's" has the meaning ascribed to it in section [1.3] or [3.1] of the Facility Letter.

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

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

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

"Draft" means a bill of exchange within the meaning of the Bills of Exchange Act (Canada), in the form prescribed by the Bank, drawn by the Borrower on the Bank for acceptance as a Bankers' Acceptance and bearing such distinguishing letters and numbers as the Bank may determine, but which at such time has not been completed or accepted by the Bank.

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

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

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

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

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

"Fixed Rate Loan" means any USD Fixed Rate Loan, CAD Cost of Funds Loan, or CAD Fixed Rate Loan.

"Free Cash Flow" means EBITDA less cash taxes, less unfunded capital expenditures and less principal and interest payments on term debt and payments on capital leases.

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

"Guarantor(s)" means the party or parties described on the first page of this Facility Letter and any other party or parties who from time to time execute a guarantee or guarantees of the obligations of the Borrower under or in connection with this Facility Letter and the Loan Documents.

"Insured Receivables" means those Acceptable Receivables of the Borrower which are insured for payment by Coface North American Insurance Company or similar insurer approved by the Bank.

"Interest Period" means for each CAD Cost of Funds Loan a period of 30, 60, 90 days or such other period of time mutually agreed between the Bank and the Borrower.

"Lands" has the meaning ascribed to it in Section 8.1 of the Facility Letter.

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

"LG's" has the meaning ascribed to it in the Facility Letter and may be a Financial LG or a Performance LG.

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

"Loan Documents" means the Loan Documents described in the Facility Letter, any additional documents delivered in connection with the Credit Facilities by any Credit Party and any amendments or restatements of any of such documents from time to time.

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

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

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

"Maximum Limit" means the lesser of (i) the maximum principal amount stipulated as being available respectively under each of (i) the Credit Facilities (and using the face amounts in the case of all outstanding DCs and LGs issued) and (ii) the permitted aggregate of all advances and credit issued and outstanding under each Credit Facility subject to the Margin Requirement, and to any other covenant restrictions. For the purposes hereof, any available credits in USD or any other currency shall be calculated using the Canadian Dollar Equivalent thereof.

"Mortgage" has the meaning ascribed to it in the Facility Letter.

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

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

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

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

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

"Required Notice" means a written notice in form and content approved by the Bank, signed by the Borrower, given to the Bank Branch not later than 10:30 a.m. local time (where the branch of the Bank as indicated on the front page of this Facility Letter is located) two Business Days immediately preceding the date on which:

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

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

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

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

"Senior Funded Debt" means all interest bearing indebtedness of the Borrower [and Off-Balance Sheet Arrangements] excluding loans to the Borrower which have been subordinated and postponed in favour of the Bank, in form and substance satisfactory to the Bank.

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

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

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

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

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

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

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

II. Representations and Warranties

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

- (a) if a corporation, it has been duly incorporated and organized (or if a partnership or other legal entity, has been duly formed, or settled as relevant) and organized and is properly constituted, is in good standing and subsisting and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;
- (b) the execution of this Facility Letter and the Loan Documents and the incurring of liability and indebtedness to the Bank does not and will not contravene:
 - (i) any Legal Requirement applicable to such Credit Party; or
 - (ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which it is a party;
- (c) this Facility Letter and the Loan Documents to which it is a party have been duly authorized, executed and delivered by it, and constitute its valid and binding obligations and are enforceable in accordance with their respective terms;

- (d) all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the execution and delivery of this Facility Letter and the Loan Documents; and
- (e) all financial and other information provided to the Bank in connection with the Credit Facilities is true and accurate, and it acknowledges that the offer of credit by the Bank contained in this Facility Letter is made in reliance on the truth and accuracy of this information and the above representations and warranties.
- (f) neither the Borrower nor any of its subsidiaries, directors, officers, employees, agents, or affiliates is an individual or entity (nor does the Borrower nor any such other entity or person operate, possess, own, charter, or use a vessel) that is, or is owned or controlled by any one or more individuals or entities ("Persons") that are: (i) the subject of any sanctions issued, administered or enforced by, or named on any list of specially designated or blocked Persons maintained by, the Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury, the US Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Hong Kong Monetary Authority, or the Department of Global Affairs (Canada), Foreign Affairs, Trade and Development Canada, Canada Border Services Agency, or Justice Canada, including any enabling legislation or executive order related thereto, and any similar sanctions laws as may be enacted from time to time in the future by the United States, Canada, the European Union (and any of its member states), the United Kingdom or the United Nations Security Council, or any other legislative body of the United Nations or other relevant Governmental Authority (collectively, "Sanctions"), or (ii) located, organised or resident in a country or territory that is, or whose government is, the subject of Sanctions;
- (g) with respect to each LG or DC issued by the Bank pursuant to any of the Credit Facilities all required import or export licenses applicable to the transactions for which such LG or DC is issued have been obtained and the Borrower is in compliance in all material respects with foreign and domestic laws and regulations pertaining to each jurisdiction in which it operates and to each LG and/or DC and the subject matter of such LG and/or DC including, if applicable, the shipment and financing of the goods described in such LG and/or DC; and
- (h) no shares in a Credit Party have been issued as, or are held as, or convertible to, bearer shares.

III. Interest, Fees

- (a) Interest on the daily balance of the principal amount advanced under the Credit Facilities and remaining unpaid from time to time shall accrue and shall be payable by the Borrower as set out in this Facility Letter both before and after demand, default, maturity, or judgment and until indefeasible payment in full, except as otherwise expressly provided for.
- (b) If the Borrower repays any portion of the Credit Facilities accruing interest at the Bank's CAD Fixed Rate or the Bank's USD Fixed Rate or based on CAD Cost of Funds Rate on a date other than the expiration of the selected interest period as the case may be, whether as a result of a demand for repayment by the Bank or otherwise, it shall also concurrently pay to the Bank the greater of:
 - (i) three months' interest on the portion prepaid at the CAD Fixed Rate or CAD Cost of Funds Rate or the Bank's USD Fixed Rate and
 - (ii) the applicable Compensating Amount.
- (c) Interest based on the Bank's U.S. Base Rate shall be computed on the basis of a year of 360 days and for actual days that the amounts are outstanding under the relevant Credit Facilities on this basis. For the purpose of the *Interest Act* (Canada), the annual rate of interest to which interest computed on the basis of a year of 360 days is equivalent is the rate of interest as provided in this Facility Letter multiplied by the actual number of days in such year (whether 365 or 366) and divided by 360.

- (d) Upon expiration of the term of any outstanding Loan during which interest is accruing at the Bank's CAD Fixed Rate or the Bank's USD Fixed Rate or upon the expiration of the relevant Interest Period for any outstanding CAD Cost of Funds Loan, or on the maturity of a BA, unless another interest rate option is selected by the Borrower for an advance to refinance such Loan or BA Advance on maturity, interest shall accrue at the applicable rate as provided in this Facility Letter for outstanding indebtedness and liability in CAD at the Bank's Prime Rate plus the applicable margin and for USD at the Bank's U.S. Base Rate plus the applicable margin, as the case may be
- (e) The fees paid to and received by the Bank shall be its entitlement as consideration for the time, effort and expense incurred by the Bank in the review of financial statements and its review and administration of documents, and the Borrower acknowledges and agrees that the determination of these costs is not feasible and that the fees set out in this Facility Letter represent a reasonable estimate of such costs.
- (f) In the event that interest is not received by the Bank on any date for payment provided for in this Facility Letter or in any other relevant document, interest on such overdue interest shall be compounded on the basis of interest calculated and payable on overdue interest in the same manner and at the same rate per annum as is applicable to such overdue interest until indefeasible payment in full. Any other amounts which become payable to the Bank under this Facility Letter or the Loan Documents and which are not paid when due shall accrue interest and be payable from the due date at the Bank's Prime Rate plus 3% per annum, calculated and payable monthly on the last day of each month, both before and after demand, default, maturity or judgment and until indefeasible payment in full (other than for overdrafts exceeding the permitted limit which shall accrue interest at the rate of 21% per annum both before and after demand, default and judgment until indefeasible payment in full).
- (g) All payments by the Borrower to the Bank shall be made at the address of the Bank Branch or at such other place as the Bank may specify in writing from time to time. The Borrower shall make payment to the Bank in immediately available funds in the same currency(ies) as the currency in which the original Loan, BA Advance or other credit was advanced or made available by the Bank. Any payment delivered or made to the Bank by 1:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made after such time such payment shall be credited as of the next Business Day.
- (h) Notwithstanding anything to the contrary contained in this Facility Letter, the Borrower acknowledges that: (i) the applicable rate of interest payable by the Borrower in connection with this Facility Letter shall not be less than zero, even if a reference rate used for the calculation of such interest, or the total of the reference rate and applicable interest spread, is less than zero; and (ii) the Bank may, in its discretion, and is hereby irrevocably authorized by the Borrower to, make an advance under the Credit Facilities (or debit or set-off any bank account of the Borrower with the Bank), to pay any unpaid interest, fees or other amounts which have become due under the terms of this Facility Letter.
- (i) The Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Credit Facilities, and interest, fees and other amounts due in connection with the Credit Facilities, in an account of the Borrower maintained by the Bank shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under the Credit Facilities; provided that the obligation of the Borrower to pay or repay any obligations in accordance with the terms and conditions of the Credit Facilities shall not be affected by the failure of the Bank to make such recording. The Borrower also acknowledges being indebted to the Bank for principal amounts shown as outstanding from time to time in the Bank's account records, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of this Facility Letter.
- (j) The obligation of the Borrower to make all payments under this Facility Letter and the Loan Documents shall be absolute and unconditional and shall be made without any deduction or withholding of any nature and shall not be limited or affected by any circumstance, including, without limitation:

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

IV. Conditions Precedent

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

- (a) completed Loan Documents registered where necessary in form and manner satisfactory to the Bank's solicitors;
- (b) satisfactory banker's and/or other agency reports on the financial position of each Credit Party and such customers of the Borrower as the Bank may specify from time to time;
- (c) verification of insurance arranged by the Borrower conforming to the Bank's requirements;

- (d) confirmation that the Borrower is in compliance with each of the terms and conditions of this Facility Letter;
- (e) all identification, business activity, business structure and other "know your customer" documents and information as required by the Bank and any screening conducted in accordance with Sanctions and other applicable legal requirements; and
- (f) such other conditions as the Bank may determine, in its discretion.

V. Borrower's Covenants and Conditions of Credit

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

- (a) The Borrower shall not, without the prior written consent of the Bank:
 - (i) grant or allow any lien, charge, security interest, right or other encumbrance, whether fixed or floating, to be registered against or exist on any of its property and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
 - (ii) become a guarantor or an endorser or otherwise become liable upon any note or other obligation other than in the normal course of business of the Borrower;
 - (iii) declare or pay dividends on any class or kind of its shares or other securities, repurchase or redeem any of its shares or other securities, or reduce its capital in any way whatsoever or repay any shareholders' advances that would cause a breach of agreed covenants;
 - (iv) amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change in ownership or corporate structure of the Borrower or the Guarantor, or the issuance of bearer shares;
 - (v) permit any property taxes or strata fees to be past due at any time; or
 - (vi) enter into any agreement for the purchase or sale of any property outside the normal course of business; or
 - (vii) borrow money, obtain credit or incur additional funded indebtedness (other than pursuant to the Credit Facilities).
- (b) The Borrower and the Guarantors agree to file all tax returns which it is required to file in accordance with any Legal Requirement from time to time; to pay or make provision for the payment of all taxes (including any interest and penalties); to pay any Potential Prior Ranking Claims when due; and to maintain adequate reserves for the payment of any tax which is being contested diligently in good faith.
- (c) The Bank shall have the right to waive the delivery of any Loan Documents or the performance of any term or condition of this Facility Letter, and may advance all or any portion of the Loan(s) prior to satisfaction of any of the Conditions Precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of performance of such obligation or condition for any future advance.
- (d) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently.

- (e) If the amount outstanding under any Credit Facility in CAD plus the Canadian Dollar Equivalent of the amount outstanding under any of the Credit Facilities in a currency other than Canadian Dollars, at any time exceeds the Maximum Limit, the Bank may, from time to time, in its sole discretion:
- (i) limit the further utilization of that Credit Facility;
 - (ii) convert all or part of the amount outstanding under that Credit Facility to Canadian Dollars in which event, interest shall accrue and be paid on such converted amounts at the rate set out in this Facility Letter for Canadian dollar advances accruing interest with reference to the Bank's Prime Rate. If no such rate is set out in this Facility Letter, interest shall accrue on the amount so converted at the Bank's Prime Rate plus 3% per annum, calculated monthly and payable on the last day of each month, both before and after demand, default, maturity or judgment and until indefeasible payment in full; or
 - (iii) require the Borrower to pay the excess.
- (f) With respect to any monies payable by the Borrower hereunder, or any portion or portions thereof, which are payable in a currency other than CAD (the "Foreign Currency Obligation"), the following provisions shall apply:
- (i) payment of the Foreign Currency Obligation made hereunder shall be made in immediately available funds in lawful money of the jurisdiction in the currency of which the Foreign Currency Obligation is payable (the "Foreign Currency") in such form as shall be customary at the time of payment for settlement of international payments in Vancouver, British Columbia without set-off, compensation, or counterclaim and free and clear of and without deduction for any and all present and future taxes, levies, imposts, deductions, charges and withholdings with respect thereto.
 - (ii) if the Borrower makes payment to the Bank, or if an amount is applied by the Bank, in CAD in circumstances where the relevant indebtedness and liabilities constitute a Foreign Currency Obligation, such payment or amount shall satisfy the said liability of the Borrower hereunder only to the extent that the Bank is able, using the rate of exchange applied by the Bank in accordance with its normal banking procedures, to purchase the full amount of the relevant Foreign Currency owing with the amount of the CAD received by the Bank on the date of receipt, and the Borrower shall remain liable to and hereby agrees to indemnify the Bank for any deficiency (together with interest accruing thereon calculated and payable pursuant to the terms of the relevant underlying indebtedness and liabilities).
 - (iii) the Borrower shall indemnify and hold the Bank harmless from any loss incurred by the Bank arising from any change in the value of CAD in relation to the relevant Foreign Currency between the date the Foreign Currency Obligation becomes due and the date of full, final and indefeasible payment thereof to the Bank.
 - (iv) if for the purpose of commencing any proceeding against the Borrower to enforce payment of its indebtedness and liability under the Credit Facilities it is necessary to convert a sum due hereunder in a Foreign Currency into CAD, the rate of exchange used for purposes of commencing such proceeding shall be the rate of exchange at which in accordance with its normal banking procedures the Bank could purchase CAD with such Foreign Currency amount claimed to be due hereunder on the Business Day preceding that on which proceeding is commenced.
 - (v) The obligation of the Borrower in respect of any such sum due from it to the Bank hereunder shall, notwithstanding any judgment in CAD, be discharged only to the extent that on the Business Day following receipt by the Bank of any sum adjudged to be so due in CAD the Bank may in accordance with its normal banking procedures purchase the relevant Foreign Currency in the full amount owing to the Bank with the CAD; if the amount of such Foreign Currency so purchased is less than the

sum actually due to the Bank in such Foreign Currency the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Bank against such loss and if the Foreign Currency purchased exceeds the sum actually due to the Bank in the Foreign Currency, the Bank agrees to remit such excess to the Borrower as the Borrower may be entitled thereto.

- (g) The Borrower confirms that it will (i) not use any amounts advanced or seek advances under the Credit Facilities for any illegal purpose or (a) to fund any activity or business with any person or in any country or territory that is the subject or target of Sanctions or (b) in any manner that would result in a violation of Sanctions by any person (including any lender, advisor, or otherwise) and (ii) not repay any amounts owing to the Bank using any funds derived directly or indirectly from any illegal or sanctionable activity, provided that this covenant shall be inapplicable only to the extent of any relevant violation of the *Foreign Extra-Territorial Measures Act* (Canada) or any similar applicable anti-boycott law or regulation.

VI. Environmental Matters

- (a) To the best of the Borrower's knowledge after due and diligent inquiry, no regulated, hazardous or toxic substances are being stored on any of the Borrower's lands, facilities or premises (the "Premises") or any adjacent property, nor have any such substances been stored or used on the Premises or in the Borrower's business or any adjacent property prior to the Borrower's ownership, possession or control of the Premises. The Borrower agrees to provide written notice to the Bank immediately upon the Borrower becoming aware that the Premises or any adjacent property are being or have been contaminated with regulated, hazardous or toxic substances. The Borrower shall not permit any activities on the Premises which directly or indirectly could result in the Premises or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of this Facility Letter, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any Legal Requirement now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such Legal Requirement.
- (b) The Borrower shall promptly comply with all Legal Requirements relating to the use, collection, storage, treatment, control, removal or cleanup of regulated, hazardous or toxic substances in, on, or under the Premises or in, on or under any adjacent property that becomes contaminated with regulated, hazardous or toxic substances as a result of construction, operations or other activities on, or the contamination of, the Premises, or incorporated in any improvements thereon. The Bank may, but shall not be obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Borrower shall reimburse the Bank on demand for the full amount of all costs and expenses incurred by the Bank in connection with such compliance activities.
- (c) The property of the Borrower which are now or in the future encumbered by any one or more of the Loan Documents are hereby further mortgaged and charged to the Bank, and the Bank shall have a security interest in such assets, as security for the repayment of such costs and expenses and interest thereon, as if such costs and expenses had originally formed part of the Credit Facilities.

VII. Increased Cost Indemnities.

If any change in the applicable Legal Requirements or in their interpretation or the administration of any of them by any Governmental Authority, or compliance by the Bank with any request (whether or not having the force of law) of any relevant central bank or other comparable agency or Governmental Authority, shall change the basis of taxation of payments to the Bank of the principal of or interest on the Loans or any other amounts payable under this Facility Letter (except for changes in the rate of tax on, or determined by reference to, the net income or profits of the Bank) or shall impose, modify or deem applicable any reserve, special deposits or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank or shall impose on the Bank or the London interbank market any other conditions directly affecting this Facility Letter or the Loans, and the result of any of the foregoing is to increase the cost to the Bank of making the Loans or maintaining the Loans or to reduce the amount of any sum

received or receivable by the Bank under this Facility Letter by an amount deemed by the Bank to be material, then the Borrower shall, upon receiving notice from the Bank, reimburse to the Bank, on demand by the Bank, such amount or amounts as will compensate the Bank for such additional cost or reduction. A certificate of a manager or account manager of the Bank setting forth the additional amounts necessary to compensate the Bank as aforesaid, and the basis for its determination, shall be conclusive as to the determination of such amount in the absence of manifest error.

VIII. Bank Visits

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

IX. Legal and Other Expenses

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

X. Non-Merger; Records of Bank; Assignment

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

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

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

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

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

XI. Waiver or Amendment

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

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

XII. Severability

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

XIII. Consent to Disclosure

- (a) Each Credit Party consents to and acknowledges that it is aware that credit, financial and personal inquiries regarding each Credit Party and individuals connected to Credit Parties (including directors, officers, shareholders and individuals acting on behalf of a Credit Party) may be gathered, made, maintained and/or used at any time in connection with: (i) initial and ongoing credit assessment, (ii) any funding of the Credit Facilities by investors or participants or any assignment or sale of the Credit Facilities by the Bank, and (iii) the enforcement of any remedies that the Bank may have under the Credit Facilities, (iv) compliance and risk monitoring purposes and each Credit Party consents to the making of any such inquiries by or on behalf of the Bank and consents, without restriction and without further notice to or further consent of the such Credit Party, to disclosure of any such information to any prospective investor, participant, assignee or purchaser of all or any part of the Credit Facilities. Each Credit Party irrevocably waives, to the extent permitted under applicable law, any and all rights it may have to notice of or to prohibit such disclosure, including, without limitation, any right of privacy.
- (b) The Bank may collect, use, transfer and disclose information for the following purposes and as follows:
- Providing information respecting other services;
 - Taking any Compliance Action referred to in this Schedule A (including actions taken to comply with laws, international guidance, internal policies or procedures, requirements from judicial, administrative, law enforcement and regulatory authorities);
 - Conducting financial crime risk management activity, including verifying the identification of the Credit Party and related individuals, screening, monitoring and investigation activity, and sharing information within HSBC Group, including in other jurisdictions, for these purposes;
 - Judicial, administrative, public or regulatory bodies, as well as governments, tax, revenue and monetary authorities, examiners, monitors, securities or futures exchanges, courts, central banks or law enforcement bodies with jurisdiction over any HSBC Group member.
- (c) The Bank may collect, transfer and disclose information for these purposes from and to members of the HSBC Group, sub-contractors, agents and service providers within Canada and in other jurisdictions.
- (d) Before providing the Bank with personal information respecting any connected individual, the Credit Party will ensure that it has provided all necessary disclosures to, and obtained any necessary consents from, such individuals in connection with the collection, use and disclosure of such information by the Bank.

XIV. Time of Essence

Time shall be of the essence of this Facility Letter.

XV. Indemnity

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

XVI. Governing Law

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

XVII. Financial Crimes and Sanctions Laws Acknowledgements and Indemnification

Each Credit Party acknowledges and agrees that:

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

- (e) The Borrower will indemnify the Bank for all losses, costs, damages, claims, actions, suits, demands and liabilities suffered or incurred by or brought against the Bank arising out of or relating to any Compliance Action, unless such losses, costs, damages, claims, actions, suits, demands and liabilities are determined by a final, non-appealable decision of a court of competent jurisdiction to have been caused solely and directly by the gross negligence or wilful misconduct of the Bank.

XVIII. Electronic Communications and Electronic Signatures

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

or relevant Loan Document. If the Borrower uses an electronic signature to indicate its agreement, the Borrower shall ensure that its electronic signature is attached to or associated with the relevant electronic communication.

XIX. Further Assurances

Each Credit Party shall, at its cost and expense, upon request of the Bank, duly execute and deliver, or cause to be duly executed and delivered, to the Bank all such further agreements, instruments, documents and other assurances and do and cause to be done all such further acts and things as may be necessary or desirable in the reasonable opinion of the Bank to carry out more effectually the provisions and purposes of this Facility Letter or any of the other Loan Documents. Without limitation, in connection with any new tenancy of the Lands, the Bank may require that the tenant enter into an attornment agreement with the Bank in form satisfactory to the Bank.

XX. Conflict

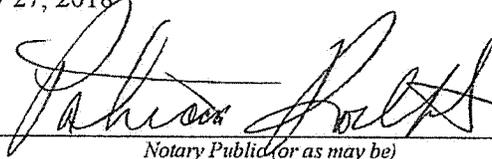
In the event of any conflict between the terms of this Schedule and the corresponding terms of the facility letter to which this Schedule is attached, the terms of such facility letter shall prevail to the extent necessary to resolve such conflict. In the event of a conflict between the terms of this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

XXI. Confidentiality

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

EXHIBIT “C”

This is Exhibit "C" referred to in the Affidavit of Frank V. Tannura
sworn July 27, 2018



Notary Public (or as may be)



EXHIBIT "C"



1013579-E_2009-04

HSBC Bank Canada
GENERAL SECURITY AGREEMENT (Ontario)

This General Security Agreement made as of the 23rd day of November, 2016.

Between:

Safety Seal Plastics Inc. (hereinafter called the 'Debtor')
(Name of Debtor)

400 Michener Rd., Unit #1, Guelph, Ontario, N1K 1E4
(Address)

And:

HSBC Bank Canada (hereinafter called the 'Bank')

4550 Hurontario Street, Mississauga, Ontario, L5R 4E4
(Address)

The Debtor hereby enters into this General Security Agreement with the Bank for valuable consideration and as security for the repayment and discharge of all indebtedness, obligations and liabilities of any kind, now or hereafter existing, direct or indirect, absolute or contingent, joint or several, of the Debtor to the Bank, whether as principal or surety, together with all expenses (including legal fees on a solicitor and client basis) incurred by the Bank, its receiver or agent in the preparation, perfection and enforcement of security or other agreements held by the Bank in respect of such indebtedness, obligations or liabilities and interest thereon (all of which present and future indebtedness, obligations, liabilities, expenses and interest are herein collectively called the 'Indebtedness').

A. Grant of Security Interests

1. The Debtor hereby grants to the Bank, by way of mortgage, charge, assignment and transfer, a security interest (the 'Security Interest') in the undertaking of the Debtor and in all Personal Property including, without limitation, the personal property more particularly set out in Schedule 'A' and all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Accounts, Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Investment Property now or hereafter owned or acquired by or on behalf of the Debtor, and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called the 'Collateral') including without limitation, all of the following now or hereafter owned or acquired by or on behalf of the Debtor:

- (i) all Inventory of whatever kind and wherever situate;
- (ii) all Equipment of whatever kind and wherever situate including, without limitation, all machinery, tools, apparatus, plant furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, guarantees and advices of credit which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor;
- (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Accounts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights and other intellectual property;
- (vi) all monies other than trust monies lawfully belonging to others; and
- (vii) all property and assets, real and personal, moveable or immovable, of whatsoever nature and kind.

2. The Security Interest hereby created shall not extend or attach to (i) any personal property held in trust by the Debtor and lawfully belonging to others or (ii) any property of the Debtor that constitutes consumer goods for the personal use of the Debtor; or (iii) the last day of the term of any lease, oral or written or agreement therefor, now held or hereafter acquired by the Debtor, provided that upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose of the same to any person acquiring such term. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed thereto in the PPSA.

B. Attachment

3. The Debtor warrants and acknowledges that the Debtor and the Bank intend the Security Interest in existing Collateral to attach upon the execution of this General Security Agreement; that value has been given; that the Debtor has rights in such existing Collateral; and that the Debtor and the Bank intend the Security Interest in hereafter acquired Collateral to attach at the same time as the Debtor acquires rights in the said after acquired Collateral.

C. Representations and Warranties of Debtor

4. The Debtor hereby represents and warrants to the Bank that:

- (a) the Debtor has or expects hereafter to have assets at the location(s) set out in Schedule 'B';
- (b) the Collateral is primarily situate or located at the location(s) set out in Schedule 'B' on the date hereof but may from time to time be located at other premises of the Debtor; may also be located at other places while in transit to and from such locations and premises; and may from time to time be situate or located at any other place when on lease or consignment to any lessee or consignee from the Debtor; and
- (c) the Collateral is genuine and owned by the Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (collectively hereinafter called 'Encumbrances'), save for the Security Interest and those Encumbrances set out in Schedule 'C'.

D. Covenants and Agreements of Debtor

5. The Debtor hereby covenants and agrees with the Bank that until all of the Indebtedness is paid in full:

- (a) the Debtor shall not without the prior written consent of the Bank sell or dispose of any of the Collateral in the ordinary course of business or otherwise, and if the amounts on or in respect of the Collateral or Proceeds thereof shall be paid to the Debtor, the Debtor shall receive the same in trust for the Bank and forthwith pay over the same to the Bank upon request; provided however that the Inventory of the Debtor may be sold or disposed of in the ordinary course of business and for the purpose of carrying on the same;
- (b) the Debtor shall not without the prior written consent of the Bank create or permit any Encumbrances upon or assign or transfer as security or pledge or hypothecate as security the Collateral except to the Bank;
- (c) the Debtor shall at all times have and maintain insurance over the Collateral against risks of fire (including extended coverage), theft, and such risks as the Bank may reasonably require in writing, containing such terms, in such form, for such periods and written by such companies as may be reasonably satisfactory to the Bank. The Debtor shall duly and reasonably pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Bank as its interest hereunder may appear and shall, if required, furnish the Bank with certificates or other evidence satisfactory to the Bank of compliance with the foregoing insurance provisions. In the event that Debtor fails to pay all premiums and other sums payable in accordance with the foregoing insurance provision, the Bank may make such payments to be repayable by the Debtor on demand and any such payments made by the Bank shall be secured hereby;
- (d) the Debtor shall keep the Collateral in good condition and repair according to the nature and description thereof, and the Bank may, whenever it deems necessary, either in person or by agent, inspect the Collateral and the reasonable cost of such inspection shall be paid by the Debtor and secured hereby and the Bank may make repairs as it deems necessary and the cost thereof shall be paid by the Debtor and secured hereby;
- (e) the Debtor shall duly pay all taxes, rates, levies, assessments of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or the Collateral as and when the same become due and payable; and
- (f) the Debtor agrees that the Bank may, at any time, whether before or after a default under this General Security Agreement, notify any account debtor of the Debtor of the Security Interest, require such account debtor to make payment to the Bank, take control of any Proceeds of Collateral and may hold all amounts received from any account debtor and any Proceeds as part of the Collateral and as security for the Indebtedness.

6. The Debtor shall at all times and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered any such further act, deed, transfer, assignment, assurance, document or instrument as the Bank may reasonably require for the better granting, mortgaging, charging, assigning and transferring unto the Bank the property and assets hereby subjected or intended to be subject to the Security Interest or which the Debtor may hereafter become bound to mortgage, charge, assign, transfer or subject to the Security Interest in favour of the Bank for the better accomplishing and effectuating of this General Security Agreement and the provisions contained herein and each and every officer of the Bank is irrevocably appointed attorney to execute in the name and on behalf of the Debtor any document or instrument for the said purposes.

7. The Debtor shall permit the Bank at any time, either in person or by agent, to inspect the Debtor's books and records pertaining to the Collateral. The Debtor shall at all times upon request by the Bank furnish the Bank with such information concerning the Collateral and the Debtor's affairs and business as the Bank may reasonably request including, without limitation, lists of Inventory and Equipment and lists of Accounts showing the amounts owing upon each Account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing or relating to the Accounts.

8. The Debtor acknowledges and agrees that, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term 'Debtor' when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security Interest granted hereby:

- (i) shall extend and attach to 'Collateral' (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any 'Collateral' thereafter owned or acquired by the amalgamated corporation;
- (ii) shall secure the 'Indebtedness' (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Bank at the time of amalgamation and any 'Indebtedness' of the amalgamated corporation to the Bank thereafter arising.

E. Default

9. The Debtor shall be in default under this General Security Agreement upon the occurrence of any one of the following events:
- (a) the nonpayment by the Debtor, when due, whether by acceleration or otherwise, of any of the Indebtedness;
 - (b) the death or a declaration of incompetency by a court of competent jurisdiction with respect to the Debtor, if an individual;
 - (c) the failure of the Debtor to observe or perform any covenant, undertaking or agreement heretofore or hereafter given to the Bank, whether contained herein or not;
 - (d) an execution or any other process of the Court becomes enforceable against the Debtor or a distress or an analogous process is levied upon the property of the Debtor or any part thereof;
 - (e) the Debtor becomes insolvent, commits an act of bankruptcy, makes an assignment in bankruptcy or a bulk sale of its assets, any proceeding for relief as a debtor or liquidation, re-assignment or winding-up is commenced with respect to the Debtor or a bankruptcy petition is filed or presented against the Debtor and is not bona fide opposed by the Debtor;
 - (f) the Debtor ceases to carry on business; or
 - (g) the Debtor defaults in the observance or performance of any provision relating to indebtedness of the Debtor to any creditor other than the Bank and thereby enables such creditor to demand payment of such indebtedness.
10. The Bank may in writing waive any breach by the Debtor of any of the provisions contained herein or any default by the Debtor in the observance or performance of any covenant or condition required by the Bank to be observed or performed by the Debtor; provided that no act or omission by the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

F. Remedies of the Bank

11. (a) Upon any default under this General Security Agreement, the Bank may declare any or all of the Indebtedness to be immediately due and payable and the Bank may proceed to realize the security hereby constituted and to enforce its rights by entry or by the appointment by instrument in writing of a receiver or receivers of all or any part of the Collateral and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Bank or not, and the Bank may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor.
- (b) Any such receiver or receivers so appointed shall have power:
- (i) to take possession of the Collateral or any part thereof and to carry on the business of the Debtor;
 - (ii) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor;
 - (iii) to further charge the Collateral in priority to the Security Interest as security for money so borrowed; and
 - (iv) to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine.

In exercising any powers any such receiver or receivers shall be deemed to act as agent or agents for the Debtor and the Bank shall not be responsible for the actions of such agent or agents.

- (c) In addition, the Bank may enter upon and lease or sell the whole or any part or parts of the Collateral and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Bank in its sole discretion may seem advantageous and such sale may take place whether or not the Bank has taken such possession of such Collateral.
- (d) No remedy for the realization of the security hereof or for the enforcement of the rights of the Bank shall be exclusive of or dependent on any other such remedy, and any one or more of such remedies may from time to time be exercised independently or in combination.
- (e) The term 'receiver' as used in this General Security Agreement includes a receiver and manager.

G. Rights of the Bank

12. All payments made in respect of the Indebtedness and money realized from any securities held therefor may be applied on such part or parts of the Indebtedness as the Bank may see fit and the Bank shall at all times and from time to time have the right to change any appropriation of any money received by it and to re-apply the same on any other part or parts of the Indebtedness as the Bank may see fit, notwithstanding any previous application by whomsoever made.
13. The Debtor grants to the Bank the right to set off against any and all accounts, credits or balances maintained by it with the Bank, the aggregate amount of any of the Indebtedness when the same shall become due and payable whether at maturity, upon acceleration of maturity thereof or otherwise.
14. The Bank, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from and may otherwise deal with the Debtor and all other persons and securities as the Bank may see fit.
15. The Bank may assign, transfer and deliver to any transferee any of the Indebtedness or any security or any documents or instruments held by the Bank in respect thereof provided that no such assignment, transfer or delivery shall release the Debtor from any of the Indebtedness; and thereafter the Bank shall be fully discharged from all responsibility with respect to the Indebtedness and security, documents and instruments so assigned, transferred or delivered. Such transferee shall be vested with all powers and rights of the Bank under such security, documents or instruments but the Bank shall retain all rights and powers with respect to any such security, documents or instruments not so assigned, transferred or delivered. The Debtor shall not assign any of its rights or obligations hereunder without the prior written consent of the Bank.

H. Miscellaneous

16. This General Security Agreement is in addition to, not in substitution for and shall not be merged in any other agreement, security, document or instrument now or hereafter held by the Bank or existing at law in equity or by statute.
17. Nothing herein shall obligate the Bank to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Debtor to the Bank.
18. This General Security Agreement shall be binding upon the Debtor and its heirs, legatees, trustees, executors, administrators, successors and assigns including any successor by reason of amalgamation of or any other change in the Debtor and shall enure to the benefit of the Bank and its successors and assigns.
19. In construing this General Security Agreement, terms herein shall have the same meaning as defined in the PPSA, as hereinafter defined, unless the context otherwise requires. Words importing gender shall include all genders. Words importing the singular number shall include the plural and vice versa.
20. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
21. The headings in this General Security Agreement are included herein for convenience of reference only and shall not constitute a part of this General Security Agreement for any other purpose.
22. Any notice or statement referred to herein may be delivered, sent by facsimile machine or providing that postal service throughout Canada is fully operative, may be mailed by ordinary prepaid mail to the Debtor at his last address known to the Bank and the Debtor shall be deemed to have received such notice or statement on the day of delivery, if delivered, one business day after transmission and confirmation received if sent by facsimile machine and three business days after mailing, if mailed.
23. Where any provision or remedy contained or referred to in this General Security Agreement is prohibited, modified or altered by the laws of any province or territory of Canada which governs that aspect of this General Security Agreement and the provision or remedies may be waived or excluded by the Debtor in whole or in part, the Debtor hereby waives and excludes such provision to the fullest extent permissible by law.
24. This General Security Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may be in effect from time to time including, where applicable, the Personal Property Security Act of that Province (as amended or substituted, the 'PPSA'). For the purpose of legal proceedings this General Security Agreement shall be deemed to have been made in the said Province and to be performed there and the courts of that Province shall have jurisdiction over all disputes which may arise under this General Security Agreement and the Debtor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts, provided always that nothing herein contained shall prevent the Bank from proceeding at its election against the Debtor in the Courts of any other Province, country or jurisdiction.
25. The Debtor acknowledges having received a copy of this General Security Agreement.

This General Security Agreement has been duly executed by the Debtor on the 23rd day of November, 2016.

FOR A CORPORATION

SAFETY SEAL PLASTICS INC.

Name of Corporation

Per: M. Bedrosian

Name: Mike Bedrosian

Title: President

I have authority to bind the Corporation.

Full Name and Address <i>For individual, insert first given name, initial of second given name, if any, then surname.</i>	Date of Birth <i>MM/DD/YY</i>	Sex <i>M / F</i>

Schedule 'A'

Quantity	Asset Description	Model number	Serial number
1	2012 Mark Andy 10-colour, roll to roll flexographic web printing press, 17" print width complete with	P7-17, Performance Series	1486262 and 406242-1-P02
	Martin Automatic butt splice unwinder	MBSF 05-16-40	17885-1
	Martin automatic 2-spindle rewinder	LRD 05-18-24	17885-2
	2012 GEW UV curing system	VCP-47-9	S11081
	Parker Hannifin Hyperchill water chilling system		398209730001
	Mark Andy hot air drying unit	DS1000AR	1546059
	Corotec Corp. corona treater	UCVT108	T-18215-12-12
1	2007 Edale 8-colour, roll-to-roll flexographic web printing press, 25.6" width complete with	Sigma 650	078483
	2007 IST Metz UV curing system	E-70-8x1-BLK2-EDA-SLC	
	2007 Hyfra chiller	SVK270/1-S	0704378
	2007 Xeric Web hot air drying unit		0721811
1	2009 Agfa digital UV inkjet web printing press, roll-to-roll, roll-to-sheet, 25.6" width complete with	Dotrix Modular	S0004
	Vetaphone Corona-Plus corona treater	T0U4C-4071QC	81483-06
	2009 Rodwell-HTB sheet stacker	Harrier	H1866
1	2006 Karlville I2 shrink Sleeve inspection machine	Inspect-300FB-HS	06018M
1	2007 Karville I1 inspection machine	ISP-J300R	07053M
1	2008 Karville II shrink sleeve inspection machine	Inspect 300-FB Junior	08142M
1	2004 Karville K2 shrink sleeve seaming machine	Seam-300D	04067m
1	2008 Karville K3 shrink sleeve seaming machine	Seam-350D-UHS-Servo	08156M
1	2003 Pro Doing Industrial shrink sleeve cutting machine	BJC-300-PS	03-056
1	2005 Pro Doing Industrial shrink sleeve cutting machine	BJC-400-PS	04-119
1	Curtis Challenge Air Series 15 hp air compressor	E-15	ASS5100211
1	2008 Karlville Seamer	SEAM 350D-HS-NS-SERVO	
1	2010 Accraply Label Inspection/Rewind Machine	DM-16	06698
	Stanford 142 Doctor Rewinder		10874724
	Stanford 142 Doctor rewinder		7784173
2	2009 Karlville Sleeve Cutter/Controller Cutting Machines	C1 - Automatic Servo	

Schedule 'B'

Locations of Collateral:

1. 400 Michener Rd., Guelph, Ontario, N1K 1E4



Schedule 'C'

Encumbrances Affecting Collateral:

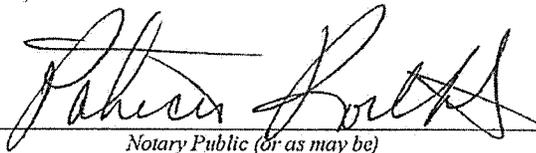


EDC_LAW\1565153\2



EXHIBIT “D”

This is Exhibit "D" referred to in the Affidavit of Frank V. Tannura
sworn July 27, 2018



Notary Public (or as may be)



EXHIBIT "D"



HSBC Bank Canada

Leasing Division
1500 - 888 Dunsmuir Street
Vancouver, British Columbia V6C 3K4

3013035-E_2010-06

Master Equipment Lease

Lessor: HSBC Bank Canada

Lessee: Safety Seal Plastics Inc.

Lessee

Address: 120 Nebo Road, Unit 2,

Hamilton, ON L8W 2E4

- LEASE.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the assets and property described in any lease schedule(s) executed by Lessor and Lessee from time to time and which refer to and incorporate by reference this Master Equipment Lease (each, together with any attached schedules or other attachments to it, a "Schedule"). The assets and property described in each Schedule, together with all additions, parts, attachments and accessories thereto from time to time, any substitutions, repairs, replacements and proceeds thereof from time to time and any related software described in the Schedule ("Software"), are collectively referred to in this Agreement as "Equipment". Any reference to "this Agreement" or "herein", "hereunder" or similar expressions refers to this Master Equipment Lease together with each Schedule. Certain other terms used herein are defined in section 28 hereof.
- SEPARATE LEASES.** Each Schedule constitutes a separate lease (a "Lease") from Lessor to Lessee of the Equipment described in the Schedule, in each case on the terms and conditions set out in this Master Equipment Lease and in the Schedule, and, in the case of Software, in the related licence. In the event of any conflict between any provision in this Master Lease Agreement and any provision in any Schedule hereto, the provision of such Schedule shall prevail with respect to the Lease affected thereby. Except as Lessor may otherwise agree in writing, (i) Lessor has no obligation to enter into any additional leases with, or extend any future lease financing to, Lessee, and (ii) if Lessor has agreed to provide lease financing to Lessee as part of any credit facilities otherwise made available to Lessee, Lessor may at any time cancel its obligation to provide such lease financing by written notice to Lessee. Any such unutilized lease financing facility shall automatically terminate upon demand being made by Lessor for repayment of any other amounts owing by Lessee. Lessor may, at any time in its discretion, with or without notice to Lessee, as part of any periodic review of its financing facilities provided to Lessee, amend any fee or rate payable by Lessee in connection with, or other terms and conditions of, any lease financing to be provided by Lessor to Lessee after such time.
- RENT.** As rent for use of the Equipment under each Schedule during the applicable Term (as defined below), Lessee shall pay Lessor all rental payments, security deposits, advance rents, additional rent and interim or per diem rents (collectively, "Rent") in the amounts and at the times specified in such Schedule. All Rent and other amounts due under this Agreement shall be made together with all applicable taxes (including all sales, use, social service, transfer, goods and services, QST, HST and similar taxes together with any interest and/or penalties) (collectively, "Taxes") in immediately available funds in the currency in which such payment is required to be made under this Agreement and shall be payable to Lessor at its address shown above or to such other place or in such other manner as Lessor may at any time or times designate in writing. Lessee shall pay Lessor interest on any overdue amount due under this Agreement (including Rent) from the due date to the date of payment at 21% per annum calculated and compounded monthly. Lessee authorizes Lessor to collect all Rent and other amounts due hereunder by automatic withdrawals and agrees to execute such forms relating thereto as Lessor may provide from time to time.
- SECURITY DEPOSIT.** No later than the commencement date of rental payments specified in a Schedule, Lessee shall pay Lessor a refundable security deposit in the amount specified therefor (if any) in such Schedule (each, a "Deposit"). Lessee grants Lessor only a security interest in the Deposit as security for payment and performance of all of Lessee's present and future liabilities and obligations under this Agreement (including under the related Schedule) or under any other agreement existing at any time between Lessee and Lessor or any affiliate of Lessor (including timely payment of all Rent) (collectively, the "Obligations"). The Deposit will not accrue interest and Lessor may commingle the Deposit with its own funds. Lessor may, at any time or from time to time, deduct from any Deposit, any amounts payable by Lessee including any applicable Taxes. Upon satisfaction of all Obligations, Lessor shall return each Deposit to Lessee less any sums applied in accordance with the foregoing or section 16(c).
- LEASE ABSOLUTE; NON-CANCELLABLE.** Neither this Agreement nor any Lease may be cancelled or terminated except as expressly provided herein. Lessee's obligation to pay all Rent and other amounts due or to become due hereunder is absolute and unconditional and is not be subject to any delay, reduction, set-off, defence, withholding, deduction, claim, counterclaim or recoupment for any reason at all, including any failure, destruction, repossession or theft of the Equipment, loss of use of the Equipment (including if it does not operate as intended by Lessee, or at all), any representations by the manufacturer or the vendor of the Equipment, any past, present or future claims of Lessee against Lessor under this Agreement or otherwise, any fundamental breach of contract or for any other cause, whether similar or dissimilar to the foregoing, it being the intention of the parties hereto that all Rent and other amounts payable by Lessee under this Agreement shall continue to be payable in all events in the manner and at the times required hereby and by any Schedule. If the Equipment is unsatisfactory for any reason, Lessee shall make any claim solely against the manufacturer or the vendor thereof and shall, nevertheless, pay Lessor all Rent and other amounts payable hereunder including under any Lease.
- TERM.** This Agreement will come into effect on the date it is signed by Lessee and Lessor and will continue in effect as long as any Lease remains in effect. Each Lease will come into effect, and the term of each Lease (the "Term") will commence, on the date agreed upon in writing by Lessee and Lessor. Unless sooner terminated or renewed by agreement of Lessor and Lessee, the Term of each Lease will end at the end of the Term specified in the related Schedule; however all obligations of Lessee under each Lease shall continue until they have been performed in full.

7. **TITLE.**

- (a) Lessor shall at all times have and retain whatever title to the Equipment is acquired by Lessor from the vendor or manufacturer of the Equipment or from Lessee. Lessee shall have no right, title or interest in any Equipment other than the right of possession and use in accordance with the terms hereof and any rights provided under section 18 hereof. Notwithstanding the foregoing, Lessee acknowledges that ownership of any Software may be held by some third party, but that Lessee's right to use such software has been obtained by Lessor and is also subject to the terms and conditions of this Agreement. If at any time Lessee shall cease to have the right to use or retain possession of the balance of the Equipment, or Lessor shall have the right to retake possession thereof, Lessee shall in such event immediately cease use of the Software in all respects, notwithstanding that it may have a license to use the Software as provided by some third party. In such event, to the extent permitted by law, Lessee shall return all copies of any such Software in its possession to Lessor and Lessor shall have the right to retake possession thereof to the same extent as it would for any other Equipment.
- (b) Lessee shall affix to the Equipment, and not remove, conceal or alter, any labels, plates or other identification supplied by Lessor indicating Lessor's ownership. Lessee acknowledges that the Equipment is and shall remain personal and movable property and shall take such steps as may be requested by Lessor to prevent any person from acquiring any rights in any Equipment by reason of the Equipment being claimed or deemed to be real property or part thereof.
- (c) Lessee shall obtain and deliver to Lessor such waivers, in registrable form (if necessary), as Lessor may request from the owners, landlords and mortgagees of any real property upon which any Equipment may be located.
- (d) In addition to, and without limiting the title retention provided for above or any other security obtained by Lessor, (i) Lessee grants to Lessor a security interest in all Equipment and all proceeds thereof as security for the payment and performance of all Obligations; and (ii) Lessee hereby acknowledges and agrees that any and all guarantees, security agreements or similar agreements previously or hereafter executed by Lessee in favour of Lessor, whether in connection with this Agreement or otherwise, shall, in addition, notwithstanding any inconsistency or provision to the contrary contained therein, constitute continuing security for the Obligations. If, for any reason, Lessee requests that Lessor release or otherwise discharge its interest in any such guarantees, security agreements or similar agreements, at its option, Lessor may proceed as if there had been an Event of Default and exercise the rights provided for in section 16(e) hereof.

8. **NO WARRANTIES.** Lessee (i) has selected all Equipment and the vendor and manufacturer thereof, (ii) agrees that it is solely responsible for the use of, and results obtained from, the Equipment, (iii) leases all Equipment "as is", and (iv) acknowledges that it has not relied on Lessor's skill or judgment in any way in selecting the Equipment, that it has requested Lessor to purchase the Equipment for the purposes of leasing such Equipment to Lessee pursuant to a Lease and that Lessor has made no representation or warranty, and there are no conditions, with respect to this Agreement including any Lease or any Equipment, including its condition, safety, design, durability, capability, workmanship, quality, operation, compliance with law, suitability or fitness for the use intended by Lessee, patent or intellectual property infringement, latent or patent defects, its freedom from security interests, liens or other encumbrances (collectively, "Liens"), Lessor's (or in the case of Software, any licensor's) good title thereto, or with respect to any other matter or thing whatsoever. All representations, warranties and conditions, whether express or implied, statutory or otherwise, are hereby excluded. Lessor shall not be liable to Lessee or any other Person for any liability, claim, loss, cost, damage or expense of any kind or nature caused directly or indirectly by the Equipment or any deficiency or defect thereof or the use, ownership or maintenance thereof or for any loss of business or other damages whatsoever and howsoever caused (including indirect, special, consequential, punitive or exemplary damages). Lessor hereby assigns to Lessee for the Term of each Lease only, all assignable rights under any warranty given to Lessor by the vendor or manufacturer of the related Equipment, and at Lessee's expense, agrees to co-operate reasonably with Lessee in the enforcement of any such warranty. Lessee acknowledges and agrees that neither the manufacturer or vendor, nor any salesperson, representative or other agent of the manufacturer or vendor, is an agent of Lessor or is authorized to waive or alter any term or condition of this Agreement or any Schedule and no representation or warranty as to the Equipment or any other matter by the manufacturer or vendor shall in any way affect Lessee's duty to pay Rent and perform its other Obligations as set forth in this Agreement or any Schedule.

9. **USE.** All Equipment is at Lessee's risk and shall be used by Lessee for commercial, industrial or professional purposes only. Lessee shall not, without Lessor's prior written consent, change the location of any Equipment from that specified in the applicable Schedule nor change the use of any Equipment to any use which could in any way result in a change of capital cost allowance class from that specified in the related Schedule. Lessee shall not affix the Equipment to real or immovable property nor to any goods, chattels or movable property not otherwise leased hereunder without the prior written consent of Lessor. Lessee shall ensure that the Equipment is used only by competent and qualified operators and not for any illegal or improper purpose, and in the case of any Software, same is used in accordance with each applicable licence thereof.

10. **REPAIR.**

- (a) Lessee shall, at its own expense (i) keep the Equipment in its original condition and working order, normal wear and tear only excepted, (ii) use, operate, maintain, repair, overhaul and service the Equipment (including furnishing all fuel, oils, lubricants and other material necessary for the operation and maintenance of the Equipment) and (iii) maintain all records, logs and other materials, in compliance with all manufacturer and vendor recommendations, all requirements to maintain all applicable warranties and insurance in effect and all applicable laws, orders, rules, regulations and directives of any federal, provincial, local or foreign government agencies, departments, boards or authorities (collectively, "Applicable Laws"). At the request of Lessor, Lessee shall furnish all proof of required maintenance of the Equipment. Lessee shall immediately give notice to Lessor of any theft, loss, damage or destruction to or of any Equipment or any Total Loss (as defined below), and, at Lessor's option, Lessee shall forthwith repair such Equipment or replace it with similar equipment of equivalent value; provided that if any Equipment shall be lost, stolen, substantially destroyed, condemned, expropriated, confiscated or seized (a "Total Loss"), at its option, Lessor may treat such Total Loss as an Event of Default and require Lessee, instead of repairing or replacing same, to pay Lessor the amount contemplated by section 16(e) hereof with respect thereto plus all other amounts then payable by Lessee under the applicable Lease together with a late charge on such amounts at a rate per annum equal to the annual rate imputed in the Rent payments thereunder (as reasonably determined by Lessor) from the date of the Total Loss through to the date of payment of such amounts, plus all applicable Taxes thereon, whereupon Lessor shall transfer to Lessee all of Lessor's interest, if any, in and to such Equipment on an "as is, where is" basis. Lessor shall represent that the Equipment shall not be at the time of such transfer subject to any Lien granted by Lessor, but otherwise the transfer shall be without recourse, representation, warranty or condition of any kind whatsoever from Lessor (whether express, implied, statutory or otherwise).

- (b) All additions, parts, attachments, accessories and replacements to Equipment, whether by way of substitution, repair, alteration, addition or improvement, shall immediately become the property of Lessor and part of the Equipment for all purposes hereof and Lessee shall execute such documents as Lessor may request to evidence Lessor's title thereto free from any Liens. Lessee may alter or modify Equipment only with the prior written consent of Lessor and, in the case of Software, subject to the terms of and in compliance with the related licence. Any such alteration or modification shall be removed and the Equipment restored to its original, unaltered condition at Lessee's expense (without damaging the Equipment's originally intended function or its value) prior to its return to Lessor when required to be so returned.
11. **INSURANCE.** For so long as Lessee leases any Equipment hereunder, Lessee shall obtain and maintain, at its own expense, a public or third party liability insurance in respect of the Equipment and all risk insurance (including extended coverage, earthquake and flood endorsements where required by Lessor) against loss or damage to such Equipment, including coverage for fire, theft, collision and such other risks of loss as are customarily covered by insurance on such type of Equipment and by prudent operators of businesses similar to that in which Lessee is engaged, in such amounts, in such form, with such deductibles and with such insurers, all as shall be satisfactory to Lessor; provided that (i) the amount of insurance at any time covering damage to or loss of Equipment shall not be less than the greater of the full replacement value of the Equipment and the aggregate instalments of Rent for such Equipment then remaining unpaid; and (ii) each liability insurance policy shall provide coverage of not less than the amount specified in the applicable Schedule for such Equipment for each occurrence. Each liability insurance policy will name Lessee and Lessor as insureds, and each property policy will name Lessor as first loss payee thereof. Each policy (i) shall contain a standard (IBC 3000) mortgage endorsement clause, (ii) shall require the insurer to give Lessor at least 30 days prior written notice of any alteration in the terms of such policy or the cancellation thereof and (iii) will provide that no act, omission or misrepresentation by Lessee or any other named insured will affect the rights thereunder of Lessor and its successors and assigns. Lessee shall furnish Lessor with a certificate of insurance or other evidence satisfactory to Lessor of such insurance coverage prior to the commencement of the applicable Lease and, on request, provided that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance policy or to advise Lessee in the event such insurance coverage shall not comply with the requirements hereof. If Lessee fails to insure Equipment as required hereunder, Lessor may, but shall not be required to, obtain such insurance itself and the cost of the insurance shall be for the account of Lessee due as additional Rent as part of the next due Rent. Lessee consents to Lessor's release, upon Lessee's failure to obtain appropriate insurance coverage, of any and all information necessary to obtain required insurance. Lessee will at its expense make all proofs of loss and take all other steps necessary to recover insurance benefits, unless advised in writing by Lessor that Lessor desires to do so, which Lessor may do at Lessee's expense. Provided no Event of Default (as defined below), or any event that with the giving of notice, the passage of time or otherwise would become an Event of Default (an "Unmatured Event of Default"), has occurred, proceeds of property insurance will be disbursed by Lessor to Lessee against satisfactory invoices for repair or replacement of Equipment in compliance herewith; provided that if there shall be a Total Loss of Equipment, all such insurance proceeds may be applied by Lessor against any amounts owing to Lessor as a result of such Total Loss. Lessee hereby appoints Lessor, with full power of substitution and coupled with an interest, as Lessee's attorney-in-fact to make claim for, receive payment of and execute and endorse all documents, cheques or drafts issued with respect to any claim under any insurance policy relating to the Equipment.
12. **LESSEE'S COVENANTS.** Lessee will:
- (a) permit Lessor or its agents at all reasonable times to fully inspect any Equipment or any documents (including maintenance records) relating thereto and take copies thereof, to determine Lessee's compliance with this Agreement or the condition of the Equipment or for any other purpose;
 - (b) keep the Equipment free and clear of all seizures, forfeitures, Liens, claims, privileges, debts or taxes of any nature whatsoever and not, without the prior written consent of Lessor, sublet or otherwise relinquish possession (except for required or scheduled maintenance) of the Equipment or any part thereof;
 - (c) pay when due, and indemnify and save Lessor harmless from, all taxes (including all Taxes), fees, assessments or other levies necessary to license the Equipment or otherwise imposed under Applicable Laws upon the Equipment or the delivery, purchase, lease, use, ownership, operation, possession, sale, storage or return thereof or any Rent payments, whether assessed to Lessor or Lessee, and any fines, penalties or forfeitures relating to the Equipment. Lessee will immediately deliver proof of payment of such amounts to Lessor. Each item of Equipment in respect of which licensing or registration is required shall be licensed and registered in Canada in the name of Lessor, unless otherwise required by Applicable Law, in which case such registration will indicate that Lessor is the lessor of each such item. The licensing and registration of any item of Equipment and any renewal thereof shall be the sole responsibility of Lessee and shall be effected by Lessee on a timely basis in accordance with Applicable Laws;
 - (d) indemnify and save Lessor harmless from and against all liabilities, claims, losses, costs, claims, demands, damages, awards, actions and causes of action and other expenses of any nature whatsoever (including legal fees and disbursements on a full indemnity and solicitor and his own client basis (a "Full Indemnity Basis")) (collectively, "Losses") arising, directly or indirectly, as a result of this Agreement including any Lease hereunder or any breach hereof (or of any Software licence) by Lessee, or the inaccuracy of any representation or warranty made by Lessee under or in connection herewith or in any other way relating to the lease, use, operation, ownership, manufacture, design, durability, capability, workmanship, quality, compliance with law, suitability, selection, purchase, character, safety, condition, delivery, refusal by Lessee to accept delivery, possession, sale, storage or return of any Equipment, including damage or injury (including death) of Persons or property, and whether caused by Lessee's negligence or otherwise;
 - (e) not include the cost of the Equipment in a capital cost allowance class and not claim or attempt to claim capital cost allowance in respect of the Equipment unless Lessee has exercised its joint election option, if available;
 - (f) whether or not the transactions contemplated by this Agreement or any Lease shall be consummated, pay any and all reasonable legal fees and disbursements of Lessor on a Full Indemnity Basis in connection with this Agreement and any Lease including, without limitation, the preparation, issue and registration of this Agreement, any Lease and any Related Documents and the enforcement and preservation of Lessor's rights and remedies thereunder and all reasonable fees and costs for appraisals, insurance consultation, credit reporting and responding to demands of any government agency or department thereof;
 - (g) not change its name or change the location of its chief executive office or domicile or jurisdiction of incorporation (in the case of a corporation), without providing Lessor with at least 30 days' prior written notice thereof;

- (h) as soon as possible, and, in any event, within five days, after Lessee learns of the following, notify Lessor, in writing and in reasonable detail, of (i) any proceeding instituted or threatened to be instituted against Lessee in any court or before any commission or any regulatory body (federal, provincial, territorial, local or foreign), or the occurrence of any other event, circumstance or claim, that could reasonably be expected to have a material adverse effect on Lessee, Lessee's ability to perform its Obligations, any of the Equipment or the rights of Lessor under or in connection with this Agreement, (ii) the occurrence of any Event of Default or any Unmatured Event of Default, together with a statement of the action which Lessee has taken or proposes to take with respect thereto or (iii) any change in the location of any place of business or depot (including additional locations) of Lessee where Lessee keeps any of the Equipment; and
- (i) deliver to Lessor annually, within 120 days of Lessee's, and each Indemnifier's if any, fiscal year end, as the case may be, review engagement financial statements for Lessee, and review engagement financial statements for each Indemnifier, pro forma financial statements, cash flow statement and budget for the following fiscal year of Lessee, and each Indemnifier, and such additional financial and other information as Lessor may reasonably require from time to time.
13. **LESSOR'S RIGHT TO MAKE PAYMENTS.** If Lessee fails to perform any of its obligations under this Agreement, Lessor may, but need not, perform the obligation or cause it to be performed, in each case such performance shall not be deemed a waiver or cure of any breach of this Agreement resulting from such failure. Lessee will reimburse Lessor immediately on demand for any amounts paid or expense or liability incurred by Lessor in so doing.
14. **RETURN OF EQUIPMENT.** Except for Equipment purchased by Lessee pursuant hereto, upon termination of the Term of a Lease, or upon demand by Lessor pursuant to section 16 below, Lessee shall, at its own expense and in a prudent manner, immediately dismantle, package, label and return the applicable Equipment, free of all Liens, to Lessor at such location as Lessor may designate and in the condition required to be maintained under section 10 and under any Return Standards Addendum or other document agreed to by Lessee setting out requirements for the condition of Equipment upon the return thereof. In addition, all returned Equipment shall also meet all recertification requirements and be capable of being immediately assembled and operated by a third party purchaser or third party lessee without further repair, replacement, alteration or improvement. Prior to any such return of Equipment and unless Lessee has exercised an option hereunder to purchase same, Lessee shall cooperate in all reasonable respects with Lessor's remarketing of the Equipment and in particular, but without limitation, during the 30 day period prior to the expiry of the Term of any Lease, Lessor and its prospective purchasers or lessees shall have right of access to the premises on which any Equipment is located to inspect such Equipment. If Lessee fails to return any Equipment when required, then, without affecting Lessors rights and remedies under this Agreement or the applicable Lease, the terms and conditions of such Lease shall continue to be applicable and Lessee shall continue to pay Lessor for each month or part thereof beyond the applicable Term the periodic Rent in effect during the last month of such Term until such Equipment is received by Lessor. Payment of Rent in such circumstances shall not entitle Lessee to keep such Equipment.
15. **EVENTS OF DEFAULT.** The occurrence or happening of any one or more of the following events shall constitute an "Event of Default":
- (a) Lessee shall fail to make any payment (including Rent) required hereunder when due; or
- (b) without Lessor's prior written consent, Lessee removes any Equipment (other than Equipment which is specified in the related Schedule as being "Mobile Goods") from its place of location stated on the related Schedule or moves any Mobile Goods outside of Canada; or
- (c) without Lessor's prior written consent, Lessee parts with possession of any Equipment or purports to (or does) sell, assign, transfer, sublet or otherwise suffer a Lien of any kind upon or against any interest in this Agreement or any Equipment; or
- (d) Lessee fails to maintain in effect any insurance required hereunder; or
- (e) the Equipment is used in a manner that may result in accelerated depreciation; or
- (f) Lessee or any Indemnifier shall fail to perform or observe any covenant, condition or other obligation under this Agreement, other than as referred to above in this section 15; or
- (g) Lessee defaults under any other agreement to which Lessee and Lessor (or any affiliate of Lessor) are parties or any indemnifier defaults under any other agreement to which such Indemnifier and Lessor (or any affiliate of Lessor) are parties; or
- (h) any representation or warranty made by Lessee in this Agreement or in any document or certificate furnished Lessor in connection with or pursuant to this Agreement shall prove to be incorrect at any time in any material respect; or
- (i) Lessee or any Indemnifier shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee, receiver or similar official (a "Receiver"); or a Receiver shall be appointed for Lessee or any Indemnifier or for a substantial part of any of its property without its consent and such appointment shall not be terminated within the lesser of 30 days and such period during which Lessee or such Indemnifier is actively and in good faith seeking its termination; or bankruptcy, reorganization, arrangement, insolvency, winding-up or similar proceedings shall be instituted by or against Lessee or any Indemnifier and if instituted against Lessee or any Indemnifier, shall not be dismissed within the lesser of 30 days and such period during which Lessee or such Indemnifier is actively and in good faith seeking its dismissal; or
- (j) Lessee or any Indemnifier shall dissolve, liquidate, wind up or cease its business, sell or otherwise dispose of all or a substantial part of its assets or make any material change in its capital structure or business; or
- (k) Lessee or any Indemnifier fails to pay when due any indebtedness for borrowed money or under conditional sales agreement, instalment sales agreement, leases or obligations evidenced by bonds, debentures, notes or other similar agreements or instruments or guarantees thereof; or
- (l) any final, non-appealable judgment shall be rendered against Lessee or any Indemnifier which remains unsatisfied for 30 days following the rendering of such judgment; or
- (m) any Equipment or any material part thereof is seized, confiscated, sequestered or attached or if a distress is levied thereon; or

- (n) any Indemnifier who is an individual dies; or
- (o) control or beneficial ownership of Lessee or any Indemnifier which is not an individual changes from that which existed at the date of execution of this Agreement or there is an amalgamation of Lessee or any Indemnifier without Lessor's prior written consent or any special resolution is passed or other proceeding taken regarding the wind-up of Lessee or any such Indemnifier; or
- (p) Lessee or any Indemnifier ceases to carry on the business presently conducted by it or shall suffer the loss or suspension of any licences, permits or other operating authorities required for the operation of its business or any part of it; or
- (q) Lessor in good faith believes and has commercially reasonable grounds to believe itself insecure, that the prospect of payment or performance by Lessee hereunder is about to be impaired or that the Equipment is or is about to be placed in jeopardy.

For greater certainty, any Event of Default with respect to any particular Lease shall be an Event of Default with respect to all Leases hereunder.

16. REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default, Lessor may:

- (a) take possession of any or all Equipment and for that purpose enter any premises where Equipment is located, whether or not the Equipment is affixed to any such premises, and store, sell, lease or otherwise dispose of the Equipment by public or private means and upon such terms and consideration (including cash or credit) as Lessor may in its sole discretion determine. Lessee will not be entitled to be credited with the proceeds of any deferred payment until actually received. Lessee hereby waives any damages or claim to damages arising from any entering of premises or retaking of possession under the terms of this Agreement;
- (b) demand that Lessee return any or all of the Equipment to Lessor in accordance with section 14 above;
- (c) apply all or any Deposits against any Obligations including reimbursement of all costs and expenses of Lessor as a result of such Event of Default, including legal fees and disbursements on a Full Indemnity Basis;
- (d) in the name of and as the irrevocably appointed agent and attorney for Lessee and without terminating or being deemed to have terminated any Lease, take possession of any or all Equipment and proceed to lease such Equipment to any other Person on such terms and conditions for such rental and for such period of time as Lessor may determine and receive such rental and hold the same and apply the same against any monies expressed to be payable from time to time by Lessee hereunder; or
- (e) terminate any or all Leases and by written notice to Lessee require Lessee to forthwith pay to Lessor on the date specified in such notice, as a genuine pre-estimate of liquidated damages for loss of a bargain and not as a penalty (i) all amounts then due hereunder and thereunder plus (ii) the present value of (A) the aggregate of all unpaid amounts not then due hereunder and thereunder, whether Rent or otherwise, to the expiration of the Term of each such Lease (as if such Lease had not been terminated) together with (B) the residual value of all of the Equipment subject to each such Lease as of the expected expiration of the Term of the applicable Lease, which the parties agree shall be equal to any applicable Purchase Option Price specified in each applicable Schedule if any, or otherwise such amount as Lessor shall reasonably specify therefor, calculated by discounting such amounts at 1.5% per annum compounded monthly, less (iii) the net amount received by Lessor on any sale, lease or other disposition of the related Equipment after deducting all costs and expenses including legal fees and disbursements on a Full Indemnity Basis. Any payment under this section shall be increased by an amount determined by multiplying the payment by the rate of goods and services tax and any similar provincial value-added tax applicable to payments of rent.

No one or more of the remedies referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedies referred to herein or otherwise available to Lessor at law or in equity and, in particular, pursuant to the Personal Property Security Act of any Province or Territory in Canada. If upon a disposition of any Equipment under the provisions of this Agreement or under the provisions of any other remedies so available to Lessor there shall be any surplus after application thereof to the Obligations, such surplus shall be the sole and absolute property of Lessor.

- 17. **WAIVERS.** To the extent permitted by Applicable Laws, Lessee unconditionally and irrevocably waives all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a lessor or a secured party or on the methods of, or the procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute. Without limiting the generality of the preceding sentence, Lessee agrees that *The Limitation of Civil Rights Act* (Saskatchewan) will have no application to Lessor's rights, powers or remedies under this Agreement or any Lease or any other agreement renewing or extending or collateral hereto or thereto.
- 18. **PURCHASE OPTION.** Provided that the applicable Schedule provides for one or more purchase options in favour of Lessee for the Equipment under such Schedule, and, unless waived by Lessor in writing, that no Event of Default or Unmatured Event of Default shall have occurred either on the date Lessee gives notice in accordance with the following or on the date Lessee is required to pay the applicable Purchase Option Price (and in particular, but without limitation, that Lessee has made all Rents payments required to be paid on or before such date), Lessee may, upon written notice to Lessor received at least 30 days before any Purchase Option Date specified in such Schedule (the "Purchase Date"), purchase all the Equipment covered by such Schedule on the Purchase Date at the applicable Purchase Option Price specified in such Schedule. Any such notice shall be irrevocable and binding and if Lessee provides such a notice, then, on the applicable Purchase Date for the related Equipment, Lessee shall pay to Lessor the applicable Purchase Option Price specified in the applicable Schedule, together with all Taxes applicable to the transfer of the Equipment and any other amount payable and arising under the applicable Lease, in immediately available funds, whereupon Lessor shall transfer to Lessee all of Lessor's interest, if any, in and to such Equipment on an "as is, where is" basis. Lessor shall represent that the Equipment shall not at the time of such transfer be subject to any Lien granted by Lessor, but otherwise the transfer shall be without recourse, representation, warranty or condition of any kind whatsoever from Lessor (whether express, implied, statutory or otherwise).
- 19. **CURRENCY INDEMNITY.** All amounts payable by Lessee under this Agreement (including under any Lease), whether Rent or otherwise, shall be paid to Lessor in the currency (the "Original Currency") in which Lessee is required to pay such amount. If Lessee makes payment of any liability or obligation of Lessee to Lessor under this Agreement in a currency (the "Other Currency") other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment shall constitute a discharge of the liability of Lessee hereunder in respect of such liability or obligation only to the extent of the amount of the Original Currency which Lessor purchases in Canada with the amount Lessor receives on the date of receipt in accordance with Lessor's normal practice. If the amount of the Original Currency which Lessor is able to purchase is less than the amount of such currency originally due to it in respect of such relevant liability or obligation, Lessee shall indemnify and save Lessor harmless from and against any loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other liabilities and obligations contained herein, shall

give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by Lessor from time to time and shall continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

20. **SURVIVAL.** All indemnities provided by Lessee to Lessor under this Agreement, including, without limitation, under sections 12(c), 12(d) and 19, shall be on an after tax basis and shall survive and continue in full force and effect notwithstanding any matter or thing, including termination of this Agreement, the end of the Term of any Lease, any other release or discharge from this Agreement of any Equipment, the sale or disposition of any Equipment or the release or discharge of Lessee to pay any Rent.
21. **REPRESENTATIONS.** Lessee represents and warrants to Lessor on the date hereof and on the date of each Schedule that: (a) each of Lessee and each Indemnifier (unless an individual) is duly formed and organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets; (b) the execution, delivery and performance by Lessee and each Indemnifier of this Agreement (including each Schedule), each Lease and all Related Documents are within Lessee's (or, as applicable, each Indemnifier's) powers, have been duly authorized by all necessary action, and do not contravene (i) Lessee's or any Indemnifier's organizational documents or (ii) any Applicable Laws or contractual restriction binding on or affecting Lessee or any Indemnifier; (c) no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Lessee or any Indemnifier of this Agreement (including each Schedule), each Lease and all Related Documents; (d) this Agreement (including each Schedule), each Lease and all Related Documents constitute legal, valid and binding obligations of Lessee (and, as applicable, each Indemnifier), enforceable against Lessee (and, as applicable, each Indemnifier) in accordance with their respective terms; (e) Lessee's principal place of business, chief place of business, registered office and chief executive office is at the address specified on the first page of this Agreement, and its full legal name (including any French versions thereof) is specified on the signature page of this Agreement; (f) Lessee has no other existing place of business or depot where Lessee keeps any of the Equipment, except for the location specified on the first page of this Agreement and, if more than one, the Provinces and Territories of Canada specified on any Schedule where the additional place(s) of business or depot(s) may be located; (g) Lessee is duly registered, as a vendor, in all applicable Provinces and Territories of Canada for the payment and/or collection of Taxes; (h) there are no actions, suits or proceedings pending, or to the knowledge of Lessee, threatened, before any court, administrative agency, arbitrator or governmental body which may, if determined adversely to Lessee, materially compromise its ability to perform its obligations under this Agreement; (i) all financial statements that are delivered from time to time by Lessee to Lessor pursuant to this Agreement shall have been prepared in accordance with generally accepted accounting standards applied on a consistent basis and shall fairly state in all material respects the financial condition of Lessee and its consolidated subsidiaries (subject to normal year-end adjustments) as at the date thereof, and all other financial and other information, budgets, timetables, certificates, plans, specifications and other material provided to Lessor in connection with any Lease are (or will be, as the case may be) true and accurate; and (j) the Lessee has, or will have at the time of each Lease, all licenses, permits and consents as are required under any Applicable Laws in connection with its possession, use or operation of the Equipment.
23. **ORDER, DELIVERY AND INSTALLATION OF EQUIPMENT.** Lessee is solely responsible for arranging the order, delivery and installation of the Equipment entirely at its own risk and expense, and in particular, shall pay any and all delivery and installation charges except as otherwise agreed by Lessor. Lessor appoints Lessee as Lessor's agent for the sole and limited purpose of ordering and accepting delivery and installation of the Equipment. Lessor shall not be liable to Lessee for any delay in, or failure of, or refusal to accept, delivery of the Equipment. Lessee shall evidence its acceptance of Equipment by completing, signing and delivering an acknowledgment of acceptance in Lessor's standard form and upon delivery thereof it shall be conclusively deemed that the Equipment is as ordered, satisfactory to Lessee and in good condition and repair and suitable for the purposes of Lessee. Lessee will not acquire any title to the Equipment and shall only acquire the right to possession and use of the Equipment in accordance with the terms of this Agreement after the actual delivery of the Equipment to the Lessee in Canada at the premises of the Lessee in Canada or at another location in Canada agreed upon in writing by Lessor and Lessee. Notwithstanding the foregoing, the Equipment shall be at the risk of Lessee. If Lessor acquires the Equipment outside Canada, Lessee shall arrange for the importation of the Equipment. In the event that Lessee does not arrange for such importation, Lessor hereby authorizes Lessee to act as its agent, and Lessee agrees to so act, solely for the purpose of arranging for the importation of the Equipment, in which case, Lessee shall provide all documentation relating to such importation to Lessor. Lessor shall be responsible for paying any amount payable as or on account of tax payable on the Equipment under Division III of Part IX of the *Excise Tax Act* and any customs duties in respect of the importation of the Equipment. In the event the importation of the Equipment is not carried out in the manner stated herein, Lessor and Lessee shall agree to separate terms governing the importation of the Equipment that shall override the terms herein, and Lessee shall provide notice to Lessor sufficient for the importation to take place in the manner described in the separate terms. The indemnity of Lessee provided for in clause 12(c) shall extend to and include any loss relating to tax Lessor may pay but not recover under Part IX of the *Excise Tax Act* and any customs duties payable, arising as a result of the importation of the Equipment in accordance herewith.
24. **CONSENT AND ACKNOWLEDGEMENT TO COLLECTION, USE AND DISCLOSURE OF INFORMATION.** Each of Lessee and each Indemnifier consents to Lessor obtaining from any credit reporting agency or from any person any information (including personal information) that the Lessor may require at any time. Lessee and each Indemnifier also consent to the disclosure at any time by the Lessor of any information concerning Lessee and any Indemnifier to any credit grantor, to any credit reporting agency or to the Lessor's subsidiaries and affiliates. If applicable, Lessee also authorizes the Lessor to release the information contemplated by any builder's lien or similar legislation to all persons claiming a right to such information under such legislation. Lessee and each Indemnifier may refuse or withdraw these consents; however, this may result in the Lessor cancelling or withholding products or services for which these consents are necessary. Unless each Indemnifier advises the Lessor otherwise, the Lessor may use each Indemnifier's social insurance number to help ensure accurate credit enquiries.
25. **ENTIRE AGREEMENT.** This Agreement (including each Schedule), each Lease and any Related Documents given in connection with this Agreement constitutes the entire agreement between the parties and supersede all proposals or prior agreements, oral or written, and all other communications between Lessor and Lessee with respect to the subject matter hereof.
26. **COPY OF AGREEMENT.** Lessee hereby acknowledges having received an executed copy of this Agreement including each Schedule in effect on the date hereof and waives all rights to receive from Lessor a copy of any financing statement, financing statement (transition), financing change statement or verification statement filed at any time in respect of each Lease.
27. **FURTHER ASSURANCES.** Lessee will execute, acknowledge, register, record, publish or file, as the case may be, all such further documents and do all such further acts as may be reasonably requested by Lessor or necessary or proper to carry out

more effectively the purposes of this Agreement or any Lease, to protect Lessor's rights herein or therein and to perfect, protect, preserve and render opposable in all applicable jurisdictions, Lessor's interest in all Equipment and Deposits.

28. **DEFINED TERMS AND INTERPRETATION.** When used in this Agreement, "including", "includes" and "include" respectively mean "including without limitation", "includes without limitation" and "include without limitation"; "Indemnifier" means any Person which provides any guaranty or indemnity agreement of any kind to Lessor to secure the obligations of Lessee to Lessor; "Person" includes any individual, trust, corporation, partnership, sole proprietorship, limited partnership, joint venture, unincorporated organization, association, institution, entity, party or government (including any division, agency or department thereof) and the successors, heirs and assigns of each; "proceeds" has the meaning set out in the Personal Property Security Act of the Province; "Province" has the meaning set out in the Schedules hereto (or, if more than one Province is set out in the Schedules hereto, means the last such one so set out); and "Related Documents" means all purchase orders, delivery and/or installation receipts, indemnities, guarantees, other security documents and other documents required by Lessor as a condition to or otherwise in connection with any Lease. Unless the context otherwise requires, all references herein to any statute or any provision thereof will include such statute or provision as it may be amended, restated, re-enacted or replaced from time to time. If the context so requires, words importing number shall be deemed to include a greater or lesser number, words importing gender shall be deemed to include the other gender or the body corporate and words importing the body corporate shall be deemed to include either gender. The captions in this Agreement are for convenience only and shall not define or limit any of the terms hereof

29. **FAX INSTRUCTIONS.**

- (a) Lessee, understanding and acknowledging the risks thereof, hereby requests Lessor to act from time to time on written instructions transmitted by electronic means producing a facsimile (a "Facsimile") of a document (the "Instructions") purporting to bear the signature(s) (the "Signatures") of an authorized signing person(s) for Lessee.
- (b) Lessor need not at any time, but is authorized to, act upon the Instructions without verifying the Signatures or enquiring as to the validity of the Instructions and may consider the Instructions of like force and effect as written orders made in accordance with the signing authorities held by Lessor from time to time in connection herewith (the "Authorities").
- (c) If Lessor seeks to verify the Signatures or the validity of the Instructions by telephone or otherwise and is unable to do so to its satisfaction, it may delay in acting or refuse to act upon the Instructions. Nothing in this section and no verifications of any Instructions or Signatures at any time made by Lessor shall obligate Lessor to verify the validity of the Instructions or the Signatures in any particular case.
- (d) Lessee shall indemnify and save Lessor harmless from all Losses that Lessor may suffer or incur or that may be brought against Lessor in any way relating to or arising out of Lessor acting upon, delaying in acting upon or refusing to act upon any Instructions, including improper, unauthorized or fraudulent Instructions given by any Person, including any employee, agent or representative of Lessee.
- (e) Lessor may immediately debit any account of Lessee with the amount of any payment, transfer or transaction made pursuant to an Instruction, Lessor's fees and charges relative thereto and any other amounts owing to Lessor and may otherwise act in accordance with any Instruction.
- (f) This Agreement shall supplement the Authorities held by Lessor from time to time and the Authorities shall otherwise remain in full force and effect.

30. **QUEBEC.** Where this Agreement is governed by the laws of Quebec, this Agreement shall be construed as a contract of leasing, governed by articles 1842 to 1850 of the Civil Code of Quebec, and, for greater certainty,

- (a) the word "lease" as used herein and in any Schedules or forms related shall be read as "contract of leasing" or "leasing", as the context requires;
- (b) the security interests granted in sections 4 and 7 hereof shall be in the nature of a moveable hypothec for \$ _____ with interest at the rate of 25% per annum from the date hereof;
Lessee (if more than one) shall be solidarily liable with one another and waives all benefits of division and discussion;
"joint and several" and "jointly and severally" shall include "solidary" and "solidarily";
an "agent" shall include a "mandatory" and a "corporation" shall include a "company"; and
any right of "setoff" or similar expression shall include a "right of compensation."

31. **MISCELLANEOUS.**

- (a) This Agreement, each Lease and all Related Documents shall, unless otherwise expressly stated therein, be governed by the laws of the Province. If any provision shall be held to be invalid or unenforceable in any jurisdiction, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired. Without prejudice to the ability of Lessor to enforce this Agreement each Lease and all Related Documents in any other proper jurisdiction, Lessee irrevocably submits to the jurisdiction of any court of competent jurisdiction in the Province for any action or proceeding arising out of or relating to this Agreement, any Lease, all Related Documents or the transactions contemplated hereby or thereby and Lessee irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such court.
- (b) For the purposes of the *Interest Act* (Canada), if, in this Agreement, in any Lease or in any Related Document, a rate of interest is or is to be calculated on the basis of a period which is less than a full calendar year, the yearly rate of interest to which the said rate is equivalent is the said rate multiplied by the actual number of days in the calendar year for which such calculation is made and divided by the number of days in such period.
- (c) This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.
- (d) Time is of the essence hereof and of each Related Document.
- (e) Any waiver by Lessor of any Unmatured Event of Default or Event of Default and any compromise or extension of payment granted by Lessor must be in writing signed by Lessor and no such waiver shall constitute a waiver of any other default, Unmatured Event of Default or Event of Default by Lessee or shall be a waiver of any other right of Lessor.
- (f) This Agreement may be amended but only in writing signed by the parties hereto except as otherwise herein provided.
- (g) This Agreement is not binding on Lessor until it has been signed by an authorized officer of Lessor.



HSBC Bank Canada

Leasing Division

3013037-E_2010-06

FIXED RATE LEASE SCHEDULE

Lease Schedule Number: 233825.01 to Master Equipment Lease between HSBC Bank Canada ("Lessor" and Safety Seal Plastics Inc. ("Lessee") dated Nov. 28, 2012 (the "Master Equipment Lease")

The Master Equipment Lease is incorporated into this Schedule by reference and this Schedule constitutes a separate lease (a "Lease") from Lessor to Lessee of the Equipment described in this Schedule in each case on the terms and conditions set out in the Master Equipment Lease and in this Schedule. Terms used in this Schedule and not otherwise defined, have the meanings set out in the Master Equipment Lease.

1. Equipment

Quantity	Make and Description	Model Number	Serial Number	Acquisition Cost
One (1)	2007 Edale Sigma 65 (26" print & web width) equipped with 8 UV Flexo print stations, complete with standard equipment & accessories			\$500,000.00
Total				\$500,000.00

2. Term

(a) Term (from Commencement Date of Rental Payments)	(b) Commencement Date of Rental Payments	(c) Termination Date of Term
36 months	November 21, 2012	November 20, 2015

3. Currency:

Canadian dollars U.S. dollars

Unless otherwise expressly stated, all references to dollar amounts in this Schedule are to amounts in such indicated currency.

4. Rental

(a) Rental Payments: in advance in arrears will be made monthly quarterly annually.

(b) Rental Payments shall start with a payment due on the Commencement Date of Rental Payments shown above and payments thereafter on the same date in each month, quarter or year, as applicable, during the Term (each, a "Rental Payment Date").

	Initial Term (36 Months)	Secondary Term (n/a Months)
(c) Rental Payments are as follows:	\$ 14,769.07	n/a
Provincial Sales Taxes, if any: (based on the current Provincial Sales Tax rate, subject to change)	\$ n/a	n/a
Goods and Services Tax or Harmonized Sales Tax #R891586281: (based on current rates for these Taxes, subject to change)	\$ 1,919.98	n/a
Total Rental Payment:	\$ 16,689.05	n/a
(d) Number of Rental Payments: (excluding Interim Rental Payment)	36	

(e) Interim Rent for the period from the date, inclusive, of the execution of this Lease Schedule by Lessee to the Commencement Date of Rental Payment, exclusive, shall be paid in advance by Lessee to Lessor in an amount equal to the number of days in the said period multiplied by the per diem rental, plus applicable Taxes. The per diem rental is \$ 492.30 day. For greater certainty, it is the intention of Lessee and Lessor that they shall be bound by the terms and conditions of the Lease throughout the said interim period. Any references to Rent in the Lease shall include such Interim Rent.

5. Purchase Option

(a) Purchase Option Date: November 21, 2015
(b) Purchase Option Price: (plus applicable Taxes) \$100.00

6. Place of use (or if Mobile Goods, specify such)

120 Nebo Road, Unit 2
Hamilton, ON L8W 2E4

7. Required Amount of Liability Insurance - Cdn \$ 2,000,000.00

8. Security Deposit \$ -nil-

9. Province (for governing contract law) Ontario

10. Capital Cost Allowance Class (for Lessor purposes only)

(a) Class Number 29 (b) Capital Cost Allowance Rate 50 % Declining Balance Straight Line

11. Date of Delivery of Equipment November 21, 2012

Lessee acknowledges that the Equipment (complete with accessories where applicable) has been inspected, is in good condition, has been installed, is operating satisfactorily and in all respects is as represented and acceptable to Lessee and that Lessor is directed and authorized to pay the supplier of the Equipment the purchase price owing for it. Lessee acknowledges that such Equipment is located as represented in the Lease.

In witness whereof the parties have executed this Lease Schedule on the respective dates set forth below and this Lease Schedule shall be deemed to have been executed on the later of such dates.

Lessor: HSBC Bank Canada

Lessee:

Safety Seal Plastics Inc.

C/S

By Maya Pithadia Senior Account Manager
Title
Mohammed Siddiqui AVP Regional Leasing
Title

By Michael Bedrosian President & CEO
Title
Grant MacLean Secretary
Title

Date _____

Date Grant MacLean

We have authority to bind the Corporation.

BUSINESS Pre-Authorized Debit (PAD) Agreement

To: HSBC Bank Canada Leasing Division (the "Payee")

This Authorization is provided for the benefit of the Payee and our Financial Institution and is provided in consideration of our Financial Institution agreeing to process debits against our account in accordance with the Rules of the Canadian Payments Association (the "CPA Rules").

INSTRUCTIONS: Please complete all sections to instruct your Financial Institution to make payments directly from your account. Return the completed form with a blank cheque marked "VOID" to the payee below.

1. CUSTOMER (ACCOUNT HOLDER) INFORMATION (Please print clearly)		
Name:	Safety Seal Plastics Inc.	
Mailing Address	120 Nebo Road, Unit 2	
City <u>Hamilton</u>	Province <u>ON</u>	Postal Code <u>L8W 2E4</u>
Telephone Number		

2. BANK ACCOUNT INFORMATION			
Deposit Account Number		Branch Transit Number	
Financial Institution Number			
Chequing Account		Savings Account	
Financial Institution Name:			
Branch Address:			

3. PRE-AUTHORIZED DEBIT (PAD) PAYEE DETAILS		
Company Name: HSBC BANK CANADA Leasing Division		
Account Number: N/A		
Mailing Address: #1500 - 888 Dunsmuir Street		
City: Vancouver	Province: BC	Postal Code V6C 3K4
Telephone Number: 604 641-1994	Fax: N/A	
E-mail: N/A		

Account Information: The account that the Payee is authorized to draw upon is indicated above. A specimen cheque available for this account has been marked "VOID" and is attached to this authorization.

Accuracy and Changes in Account Information: By signing this Authorization, we certify that all information contained in this form is accurate and we agree to inform the Payee, in writing, of any change in the information provided prior to the next due date of the PAD.

Valid Signing Authority: We warrant and guarantee that all persons whose signatures are required to sign on this account have signed this agreement below.

Authority To Debit Account: We hereby authorize the Payee to draw on our account indicated above with our Financial Institution, for lease payments or any such other payments of variable amounts agreed to in the lease agreement(s) or any other similar agreements between the Payee and us.

Frequency and Amount Of Debits: A debit, in paper, electronic or other form in any and all such amounts agreed to under such lease agreement(s) or any other similar agreements between the Payee and us, with a reasonable latitude for adjustments, may be drawn on our account on set dates or otherwise as agreed to. Annual top-ups or adjustments are permitted. If payments are sporadic, we agree to cooperate with the Payee to pre-authorize the processing of each and every PAD against our account whether authorized verbally or electronically, by use of a password, secret code or such other signature equivalent, as the parties shall agree to constitute valid authorization.

Validation by Processing Financial Institution: We acknowledge our Financial Institution is not required to verify that any purpose of payment for which a PAD was issued has been fulfilled by the Payee or that a PAD has been issued in accordance the particulars of our Authorization including, but not limited to, the amount, as a condition to honouring a PAD issued by the Payee on our account.

Recourse/Reimbursement: We have certain recourse rights if any debit does not comply with this agreement. For example, we have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD agreement. To obtain more information on our recourse rights, we may contact our Financial Institution or visit www.cdnpay.ca

Our Rights of Dispute: We may dispute a Pre-Authorized Debit in accordance with CPA Rules under the following conditions:

1. The PAD was not drawn in accordance with our Authorization; or
2. This Authorization was revoked.

In order to be reimbursed, we acknowledge that a declaration to the effect that either (1) or (2) took place, must be completed and presented to our branch of our Financial Institution up to and including 10 calendar days after the date on which the disputed PAD was posted to our account. We acknowledge that any claim made after 10 business days or for any reason other than the above, is a matter to be resolved solely between the Payee and ourselves.

Acceptance of Delivery of Authorization: We acknowledge that provision and delivery of this authorization to the Payee constitutes delivery by us to our Financial Institution.

Any delivery of this Authorization to you constitutes delivery by us.

Cancellation of Arrangement: This Authorization may be cancelled at any time upon notice by us to the Payee at least 30 days prior to the PAD being issued.

I/We may obtain a sample cancellation form, or further information on my/our right to cancel a PAD Agreement, at my/our financial institution or by visiting www.cdnpay.ca

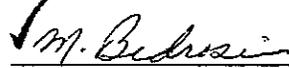
Pre-Notification Waiver: We agree with the Payee to waive the requirement under the CPA Rules to receive a written pre-notification prior to each PAD as set out in the Rules.

Contract for Goods or Services: Revocation of this Authorization does not terminate any contract for goods or services that exists between the Payee and us. Our Authorization applies only to the method of payment and does not otherwise have any bearing on the contract for goods or services exchanged.

We understand and agree to this PAD arrangement and to the disclosure of any confidential information to any third parties as may be required to process the PAD in accordance with the CPA Rules.

Dated this 28th day of November, 2012

SAFETY SEAL PLASTICS INC.



Michael L. Bedrosian
Authorized Signatory

Michael L. Bedrosian
President
Name (please print)



Grant D. MacLean
Authorized Signatory

Grant D. MacLean
Secretary
Name (please print)

We have authority to bind the Corporation.

INVOICEF
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HSBC Bank Canada
 Leasing Division
 2ND FLOOR - 2910 VIRTUAL WAY
 VANCOUVER, BC V5M 0B2

T
O

Safety Seal Plastics Inc.
 120 Nebo Road, Unit 2
 Hamilton, ON
 L8W 2E4

DATE
November 20, 2012
Master Equipment Lease No.
233825
Lease Schedule No.
1

DUE DATE	DESCRIPTION	AMOUNT DUE
21 November 2012	First Rental (applied to) 21 November 2012	\$14,769.07
	Harmonized Sales Tax 13.00%	\$1,919.98
	Sub-Total	\$16,689.05
	Lease Set-up Fee	\$500.00
	Harmonized Sales Tax 13.00%	\$65.00
	As you are on Pre-Authorized Debit plan we will collect via direct debit to your bank account, with our thanks.	
TOTAL DUE:		\$17,254.05

HSBC Bank Canada
Leasing Division
70 York Street, 7/F
Toronto, Ontario M5J 1S9
Tel: (416)868-3801 Fax: (416)868-8250

Insurance Requirements

HSBC Bank Canada is Lessor and owner of the scheduled equipment. Please advise your insurance agents to provide us with Certificates of Insurance or copies of policies on the Leased Equipment, showing the following:

- A. Automobile Liability (if Leased Vehicle)
 - \$5,000,000 Minimum;
 - **HSBC Bank Canada, Leasing Division** as an **“Additional Insured”**;
 - Permission to Rent or Lease Endorsement;
 - Cross Liability Clause.

- B. Commercial General Liability
 - \$2,000,000 Minimum;
 - **HSBC Bank Canada, Leasing Division** as an **“Additional Insured”**;
 - Cross Liability Clause.

- C. Physical Damage
 - Coverage for the Full Replacement Value of the Equipment;
 - All Risk coverage; or
 - Mobile Equipment to have Multi-Peril coverage, including theft, collision and upset;
 - **HSBC Bank Canada, Leasing Division** as **“First Loss Payee”**;
 - Waiver of Subrogation Clause in favor of Lessor.

All policies of insurance shall commence at the moment risk of loss of Equipment passes from Supplier to Lessor and cover Lessor and Lessee as their respective interests appear and shall contain endorsements providing that:

- a) 30 days written notice shall be given to Lessor before the policy is materially altered or cancelled;
- b) the insurance shall be primary and not contributory;
- c) Lessor's interest as a Named Insured shall not be invalidated or otherwise adversely affected by any act or mission, deliberate, negligent or otherwise of Lessee or its agents, servants and employee;
- d) Policy (ies) expiry date(s) to be provided.

PLEASE USE HSBC BANK CANADA, LEASING DIVISION ON INSURANCE CERTIFICATE AND SEND ORIGINALS TO THE ADDRESS ABOVE.

Revised March 3, 2004