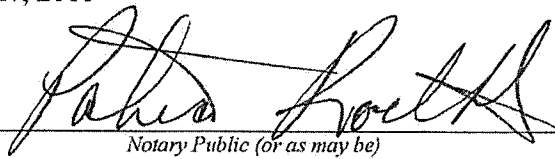
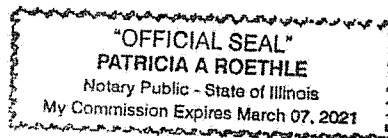


# **EXHIBIT “N”**

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



*Notary Public (or as may be)*





**EXHIBIT "N"**

April 3, 2018

VIA EMAIL

Safety Seal Plastics Inc.  
400 Michener Road, Suite #1  
Guelph, ON N1K 1E4

**Attention: Masroor Masood  
James G. Reilly  
Frank V. Tannura**

Dear Sirs:

**Re: Indebtedness of Safety Seal Plastics Inc. (the "Company") to HSBC Bank Canada (the "Bank")**

We refer to the forbearance agreement dated March 14, 2018 between the Company and the Bank (the "**Forbearance Agreement**"). Unless otherwise specified, capitalized terms used herein have the meanings ascribed thereto in the Forbearance Agreement.

We also refer to the Cash Flow Forecast as updated to the period ending May 4, 2018, delivered by the Company to the Bank and attached hereto as Schedule "A".

The Forbearance Deadline expired on March 31, 2018. At the Company's request, and for consideration received, the receipt and sufficiency of which are hereby acknowledged we confirm that, subject to approval of the terms of this Agreement by the Bank's credit committee, the Bank agrees to extend the Forbearance Deadline until **April 30, 2018** subject to the following terms and conditions:

1. The Company shall deliver to the Bank a duly authorized and executed copy of this Agreement on or before 5:00 p.m. on **April 4, 2018**.
2. On or before **April 20, 2018**, the Company shall deliver to the Bank the Company's financial projections for the fiscal year ending March 31, 2019, consisting of monthly income statements, monthly cash flow statements and monthly balance sheet statements.
3. On or before **April 30, 2018**, the Company shall prepare and present to the Bank and the Consultant a turnaround plan for the Company with set milestones and timelines.
4. Section 32 of the Forbearance Agreement is hereby amended as follows:

The Company shall not make any principal payments to any other secured creditor at any time on or before April 30, 2018 without the prior written consent of the Bank. Notwithstanding the foregoing, the Company is expressly permitted to pay to HPFSC any of the "Restructured Rent Payments" due prior to April 30,

2018 (the “**Permitted Payments**”) set out in paragraph 10 of the HPFSC Agreement, in an amount not to exceed USD\$5,000 per week, in accordance with the Cash Flow Forecast.

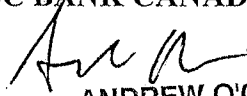
5. Reference to “March 31, 2018” in section 45(1) of the Forbearance Agreement is hereby amended to “April 30, 2018”.
6. The Company acknowledges and agrees that, notwithstanding any cash deficit positions that may arise as forecasted in the Cash Flow Forecast, borrowings made available to the Company by the Bank under the Operating Line shall not exceed the amount set out in section 27 of the Forbearance Agreement.
7. The Company agrees that any failure to comply with the terms and conditions of this Agreement shall constitute a “Forbearance Terminating Event” (as such term is defined in the Forbearance Agreement).
8. The Company and the Guarantors hereby restate and reaffirm all of the acknowledgements, representations, warranties and covenants contained in the Forbearance Agreement.
9. Except as specifically amended, all terms and conditions of the Forbearance Agreement, Agreement shall remain in full force and effect, unamended.
10. Nothing in this Agreement shall be construed or operate as a waiver of or acquiescence to any default which has occurred under the Forbearance Agreement or the Credit Facility Agreement.
11. The Company and the Guarantors hereby agree that, upon the execution of this Agreement, they shall each absolutely and irrevocably release the Bank and its officers, directors, employees, agents (including, without limitation, the Consultant) and solicitors (collectively, the “**Releasees**”) of and from any and all claims which they each may have in respect of the Releasees up to and including the date hereof including, without limitation, any actions taken by the Bank in dealing with the Company, the Guarantors, the Credit Facilities, or with the administration of the Company’s accounts with the Bank.

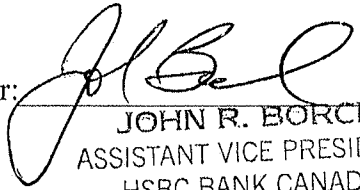
This Agreement may be executed in counterparts, which counterparts taken together shall evidence an agreement as of the date first set out above.

*[Signature pages follow]*

Yours truly,

**HSBC BANK CANADA**

Per:   
**ANDREW O'COIN**  
Assistant Vice President

Per:   
**JOHN R. BORCH**  
ASSISTANT VICE PRESIDENT  
HSBC BANK CANADA

AGREED TO this 5th day of April, 2018.

**SAFETY SEAL PLASTICS INC.**

Per: 

Name: Masroor Maseed

Title: President

I have the authority to bind this corporation.

**The Corporate Guarantor:**

**BEDROSIAN HOLDINGS INC.**

Per: \_\_\_\_\_

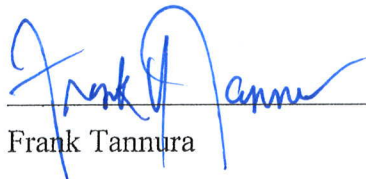
Name:

Title:


I have the authority to bind this corporation

**The Personal Guarantors:**

\_\_\_\_\_  
Michael Bedrosian

  
Frank Tannura

\_\_\_\_\_  
Witness as to signature

  
Witness as to signature

AGREED TO this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**SAFETY SEAL PLASTICS INC.**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind this corporation.

**The Corporate Guarantor:**

**BEDROSIAN HOLDINGS INC.**

Per: Michael Bedrosian

Name: Michael Bedrosian

Title: OWNER

I have the authority to bind this corporation

**The Personal Guarantors:**

Michael Bedrosian  
Michael Bedrosian

Witness as to signature

\_\_\_\_\_  
Frank Tannura

\_\_\_\_\_  
Witness as to signature

Schedule "A"

Safety Seal Plastics Inc.  
Cash Flow Forecast

Week ending	6/4/18	13/4/18	20/4/18	27/4/18	4/5/18
<b>Cash inflow</b>					
Existing Receivables					
Projected sales	225,746	237,204	200,532	187,582	191,686
HST Return	-	-	40,000	-	-
<b>Total Cash Inflow</b>	<b>225,746</b>	<b>237,204</b>	<b>240,532</b>	<b>187,582</b>	<b>191,686</b>
<b>Cash outflows</b>					
Film purchases	(73,530)	(73,530)	(73,530)	(73,530)	(86,022)
New material purchases	-	-	-	-	-
Ink purchases	(17,521)	(12,080)	(16,321)	(30,744)	(22,870)
Professional fees	-	-	-	-	(100,000)
Gene / Rob	(4,000)	(3,999)	(3,998)	(3,997)	(3,997)
Disbursements Misc vendors	(85,031)	(64,946)	(58,699)	(69,608)	(64,995)
<b>Total AP Disbursements</b>	<b>(180,082)</b>	<b>(154,555)</b>	<b>(152,548)</b>	<b>(177,878)</b>	<b>(277,885)</b>
Interest	(10,292)	-	(7,500)	(8,915)	(8,914)
Rent	(23,156)	(3,700)	(11,182)	-	-
Utilities	-	-	-	-	(22,000)
Payroll	-	(105,855)	-	(105,855)	-
Loan Payments	(38,273)	(4,214)	-	-	-
	<b>(251,803)</b>	<b>(268,324)</b>	<b>(171,230)</b>	<b>(292,648)</b>	<b>(308,799)</b>
<b>Net Inflow /(Outflow)</b>	<b>(26,058)</b>	<b>(31,120)</b>	<b>69,302</b>	<b>(105,066)</b>	<b>(117,113)</b>
<b>Line of credit</b>					
Begning balance	(2,341,457)	(2,367,515)	(2,398,635)	(2,329,334)	(2,434,399)
Net cashflows	(26,058)	(31,120)	69,302	(105,066)	(117,113)
<b>Closing Bank Balance</b>	<b>(2,367,515)</b>	<b>(2,398,635)</b>	<b>(2,329,334)</b>	<b>(2,434,399)</b>	<b>(2,551,512)</b>
Borrowing base	(2,424,000)	(2,424,000)	(2,424,000)	(2,424,000)	(2,424,000)
<b>Surplus (Deficit)</b>	<b>56,485</b>	<b>25,365</b>	<b>94,666</b>	<b>(10,399)</b>	<b>(127,512)</b>





May 3, 2018

**VIA EMAIL**

Safety Seal Plastics Inc.  
400 Michener Road, Suite #1  
Guelph, ON N1K 1E4

**Attention: Masroor Masood  
James G. Reilly  
Frank V. Tannura**

Dear Sirs:

**Re: Indebtedness of Safety Seal Plastics Inc. (the "Company") to HSBC Bank Canada (the "Bank")**

We refer to the forbearance agreement dated March 13, 2018 between the Company and the Bank, as amended from time to time (as amended, the "**Forbearance Agreement**"). Unless otherwise specified, capitalized terms used herein have the meanings ascribed thereto in the Forbearance Agreement.

We also refer to the Cash Flow Forecast as updated to the period ending June 1, 2018, delivered by the Company to the Bank and attached hereto as Schedule "A".

The Forbearance Deadline expired on April 30, 2018. At the Company's request, and for consideration received, the receipt and sufficiency of which are hereby acknowledged we confirm that, subject to approval of the terms of this Agreement by the Bank's credit committee, the Bank agrees to extend the Forbearance Deadline until **May 31, 2018** subject to the following terms and conditions:

1. The Company shall deliver to the Bank a duly authorized and executed copy of this Agreement on or before 5:00 p.m. on **May 4, 2018**.
2. On or before **May 18, 2018**, the Company shall deliver to the Bank a letter of intent, term sheet or other similar documentation in respect of a transaction that would result in a cash injection into the Company deemed satisfactory to the Bank in its sole and unfettered discretion.
3. Section 32 of the Forbearance Agreement is hereby amended as follows:

The Company shall not make any principal payments to any other secured creditor at any time on or before May 31, 2018 without the prior written consent of the Bank. Notwithstanding the foregoing, the Company is expressly permitted to pay to HPFSC any of the "Restructured Rent Payments" due prior to May 31, 2018 (the "**Permitted Payments**") set out in paragraph 10 of the HPFSC Agreement, in an amount not to exceed USD\$5,000 per week, in accordance with the Cash Flow Forecast.

4. Reference to "April 30, 2018" in section 45(1) of the Forbearance Agreement is hereby amended to "May 31, 2018".
5. The Company acknowledges and agrees that, notwithstanding any cash deficit positions that may arise as forecasted in the Cash Flow Forecast, borrowings made available to the Company by the Bank under the Operating Line shall not exceed the amount set out in section 27 of the Forbearance Agreement.
6. The Company agrees that any failure to comply with the terms and conditions of this Agreement shall constitute a "Forbearance Terminating Event" (as such term is defined in the Forbearance Agreement).
7. The Company and the Guarantors hereby restate and reaffirm all of the acknowledgements, representations, warranties and covenants contained in the Forbearance Agreement.
8. Except as specifically amended, all terms and conditions of the Forbearance Agreement, Agreement shall remain in full force and effect, unamended.
9. Nothing in this Agreement shall be construed or operate as a waiver of or acquiescence to any default which has occurred under the Forbearance Agreement or the Credit Facility Agreement.
10. The Company and the Guarantors hereby agree that, upon the execution of this Agreement, they shall each absolutely and irrevocably release the Bank and its officers, directors, employees, agents (including, without limitation, the Consultant) and solicitors (collectively, the "**Releasees**") of and from any and all claims which they each may have in respect of the Releasees up to and including the date hereof including, without limitation, any actions taken by the Bank in dealing with the Company, the Guarantors, the Credit Facilities, or with the administration of the Company's accounts with the Bank


This Agreement may be executed in counterparts, which counterparts taken together shall evidence an agreement as of the date first set out above.

*[Signature pages follow]*

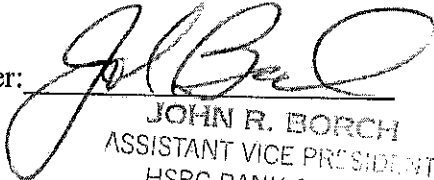
Yours truly,

HSBC BANK CANADA

Per:

  
**ANDREW O'COIN**  
Assistant Vice President

Per:

  
**JOHN R. BORCH**  
ASSISTANT VICE PRESIDENT  
HSBC BANK CANADA

AGREED TO this 4th day of May, 2018.

**SAFETY SEAL PLASTICS INC.**

Per: Masroor Masood  
Name: Masroor Masood  
Title: President  
I have the authority to bind this corporation.

**The Corporate Guarantor:**

**BEDROSIAN HOLDINGS INC.**

Per: \_\_\_\_\_  
Name:  
Title:  
I have the authority to bind this corporation

**The Personal Guarantors:**

\_\_\_\_\_  
Michael Bedrosian

\_\_\_\_\_  
Witness as to signature

\_\_\_\_\_  
Frank Tannura

\_\_\_\_\_  
Witness as to signature

AGREED TO this 4 day of MAY, 2018.

**SAFETY SEAL PLASTICS INC.**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind this corporation.

**The Corporate Guarantor:**

**BEDROSIAN HOLDINGS INC.**

Per: M. Bedrosian

Name:

Title:

I have the authority to bind this corporation

**The Personal Guarantors:**

M. Bedrosian  
Michael Bedrosian

E. Kerson  
Witness as to signature  
E. KERSON

\_\_\_\_\_  
Frank Tannura

\_\_\_\_\_  
Witness as to signature

AGREED TO this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**SAFETY SEAL PLASTICS INC.**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind this corporation.

**The Corporate Guarantor:**

**BEDROSIAN HOLDINGS INC.**

Per: \_\_\_\_\_

Name:

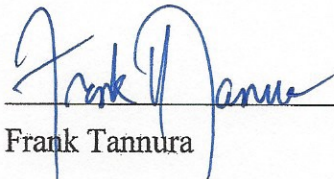
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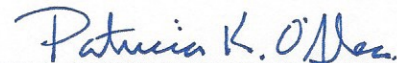
I have the authority to bind this corporation

**The Personal Guarantors:**

\_\_\_\_\_  
Michael Bedrosian

\_\_\_\_\_  
Witness as to signature

  
\_\_\_\_\_  
Frank Tannura

  
\_\_\_\_\_  
Witness as to signature

Schedule "A"

Safety Seal Plastics Inc.  
Cash Flow Forecast

Week ending	4/5/18	11/5/18	Plan May 18/5/18	25/5/18	1/6/18
<b>Cash inflow</b>					
Existing Receivables	246,667	173,785	180,445	278,238	104,121
Cash collection from new sales	-	-	15,000	-	80,000
HST Return	-	60,000	-	40,000	-
Cash from PGI					
<b>Total Cash Inflow</b>	<b>246,667</b>	<b>233,785</b>	<b>195,445</b>	<b>318,238</b>	<b>184,121</b>
<b>Cash outflows</b>					
Film purchases	(71,841)	(69,318)	(74,662)	(104,953)	(104,744)
New material purchases	-	-	-	-	-
Ink purchases	(20,424)	(22,591)	(23,149)	(24,191)	(18,014)
Professional fees	-	-	-	(75,000)	-
Gene / Rob	-	(4,000)	-	(2,500)	-
Disbursements Misc vendors	(145,865)	(118,984)	(101,800)	(64,506)	(78,504)
<b>Total AP Disbursements</b>	<b>(238,129)</b>	<b>(214,893)</b>	<b>(199,611)</b>	<b>(271,151)</b>	<b>(201,262)</b>
Interest	(8,914)	-	-	-	(8,000)
Rent	(23,156)	-	-	(11,182)	-
Utilities	(22,000)	-	-	-	-
Payroll	-	(95,000)	-	(95,000)	-
Loan Payments	(37,870)	-	-	-	-
	<b>(330,069)</b>	<b>(309,893)</b>	<b>(199,611)</b>	<b>(377,333)</b>	<b>(209,262)</b>
<b>Net Inflow / (Outflow)</b>	<b>(83,402)</b>	<b>(76,108)</b>	<b>(4,166)</b>	<b>(59,095)</b>	<b>(25,141)</b>
<b>Line of credit</b>					
Begning balance	(2,418,795)	(2,502,197)	(2,578,305)	(2,582,470)	(2,641,565)
Net cashflows	(83,402)	(76,108)	(4,166)	(59,095)	(25,141)
Closing Bank Balance	<b>(2,502,197)</b>	<b>(2,578,305)</b>	<b>(2,582,470)</b>	<b>(2,641,565)</b>	<b>(2,666,706)</b>
Current agreed cap	(2,469,978)	(2,469,978)	(2,469,978)	(2,469,978)	(2,469,978)
Surplus (Deficit)	<b>(32,219)</b>	<b>(108,327)</b>	<b>(112,492)</b>	<b>(171,587)</b>	<b>(196,728)</b>



June 5, 2018

VIA EMAIL

Safety Seal Plastics Inc.  
400 Michener Road, Suite #1  
Guelph, ON N1K 1E4

**Attention: Masroor Masood  
James G. Reilly  
Frank V. Tannura**

Dear Sirs:

**Re: Indebtedness of Safety Seal Plastics Inc. (the "Company") to HSBC Bank Canada (the "Bank")**

We refer to the forbearance agreement dated March 14, 2018 between the Company and the Bank, as amended from time to time (as amended, the "**Forbearance Agreement**"). Unless otherwise specified, capitalized terms used herein have the meanings ascribed thereto in the Forbearance Agreement.

The Forbearance Deadline expired on May 31, 2018. At the Company's request, and for consideration received, the receipt and sufficiency of which are hereby acknowledged we confirm that, subject to approval of the terms of this Agreement by the Bank's credit committee, the Bank agrees to extend the Forbearance Deadline until **June 15, 2018** subject to the following terms and conditions:

1. The Company shall deliver to the Bank a duly authorized and executed copy of this Agreement on or before 12:00 p.m. on **June 6, 2018**.
2. Section 32 of the Forbearance Agreement is hereby amended as follows:  
  
The Company shall not make any principal payments to any other secured creditor at any time on or before June 15, 2018 without the prior written consent of the Bank. Notwithstanding the foregoing, the Company is expressly permitted to pay to HPFSC any of the "Restructured Rent Payments" due prior to June 15, 2018 (the "**Permitted Payments**") as set out in paragraph 10 of the HPFSC Agreement, in an amount not to exceed USD\$5,000 per week.
3. Reference to "May 31, 2018" in section 45(1) of the Forbearance Agreement is hereby amended to "June 15, 2018".
4. The Company acknowledges and agrees that borrowings made available to the Company by the Bank under the Operating Line shall not exceed the amount set out in section 27 of the Forbearance Agreement.

A handwritten signature in blue ink, appearing to be "J. Tannura".



5. The Company agrees that any failure to comply with the terms and conditions of this Agreement shall constitute a "Forbearance Terminating Event" (as such term is defined in the Forbearance Agreement).
6. The Company and the Guarantors hereby restate and reaffirm all of the acknowledgements, representations, warranties and covenants contained in the Forbearance Agreement.
7. Except as specifically amended, all terms and conditions of the Forbearance Agreement, Agreement shall remain in full force and effect, unamended.
8. Nothing in this Agreement shall be construed or operate as a waiver of or acquiescence to any default which has occurred under the Forbearance Agreement or the Credit Facility Agreement.
9. The Company and the Guarantors hereby agree that, upon the execution of this Agreement, they shall each absolutely and irrevocably release the Bank and its officers, directors, employees, agents (including, without limitation, the Consultant) and solicitors (collectively, the "Releasees") of and from any and all claims which they each may have in respect of the Releasees up to and including the date hereof including, without limitation, any actions taken by the Bank in dealing with the Company, the Guarantors, the Credit Facilities, or with the administration of the Company's accounts with the Bank


This Agreement may be executed in counterparts, which counterparts taken together shall evidence an agreement as of the date first set out above.

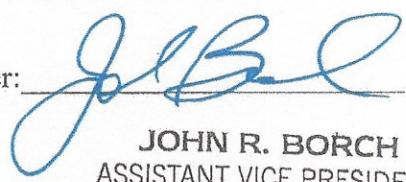
*[Signature pages follow]*

A handwritten signature in black ink, appearing to be a stylized name or initials, located on the right side of the page.

Yours truly,

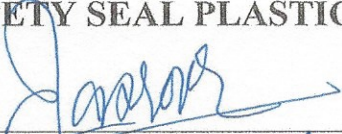
HSBC BANK CANADA

Per:   
ANDREW O'COIN  
Assistant Vice President

Per:   
JOHN R. BORCH  
ASSISTANT VICE PRESIDENT  
HSBC BANK CANADA

AGREED TO this 5th day of June, 2018.

**SAFETY SEAL PLASTICS INC.**

Per:   
Name: Masror Masood  
Title: President  
I have the authority to bind this corporation.

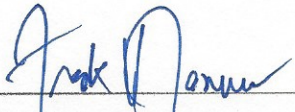
**The Corporate Guarantor:**

**BEDROSIAN HOLDINGS INC.**


Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I have the authority to bind this corporation

**The Personal Guarantors:**

\_\_\_\_\_  
Michael Bedrosian

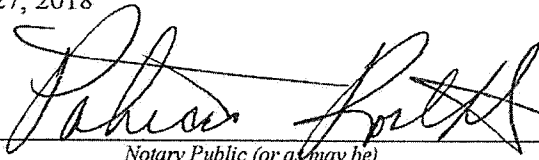
  
Frank Tannura

\_\_\_\_\_  
Witness as to signature

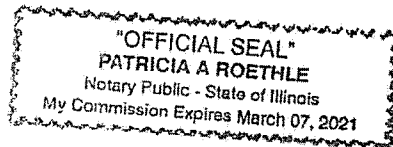
  
Witness as to signature

# **EXHIBIT “O”**

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



*Notary Public (or a. may be)*





# EXHIBIT "O"

April 30, 2018

Mr. Frank Tannura  
Safety Seal Plastics Inc.  
400 Michener Rd, Unit 2  
Guelph, ON N1K 1E4

**Subject: BDC Loan to Safety Seal Plastics Inc. of \$1,500,000.00 (the "Loan"), Account No. 096107-01**

Mr. Tannura,

As you are aware, Safety Seal Plastics Inc. (the "Borrower") is indebted to BDC pursuant to Letter of Offer dated December 2, 2015 (the "Loan"). Michael Bedrosian ("the Guarantor") has guaranteed performance of the Borrower's obligations under the Loan.

The amount owing on the date of this letter (the "Outstanding Indebtedness") including all principal, interest, protective disbursements, fees and any other amounts is:

01 Loan      \$1,142,152.48

Interest and fees will continue to accrue during the forbearance period.

We acknowledge that the Borrower is in default of numerous credit terms with its operating lender, HSBC Bank Canada ("HSBC").

In consideration of HSBC's forbearance as described in HSBC's Forbearance Agreements dated March 14, 2018 and April 3, 2018, BDC is prepared to provide 4 months principal postponement based on the terms and conditions outlined in this agreement. The principal postponement includes the principal payment that was due on March 23, 2018 and April 23, 2018 ("the existing Defaults"). The defaults with HSBC are also considered Defaults under the BDC's Loan.

Accordingly, the Borrower and the Guarantor have requested BDC to tolerate the existing Defaults, to suspend and to forbear from taking any further steps or recourse to collect the Outstanding Indebtedness until 11:59 pm June 29, 2018 (the "Expiration Date") and BDC has agreed provided the terms of this Standstill Agreement ("Agreement") are observed.

A handwritten signature in blue ink, appearing to be "MT", located in the bottom right corner of the page.



### Acknowledgements

In consideration of the BDC's agreement to forbear, the Borrower and the Guarantor hereby acknowledge and agree that:

- The security held by BDC to secure the Outstanding Indebtedness including guarantees (the "Security") is valid and subsisting and will remain in full force and effect for the benefit of BDC notwithstanding its agreement to forbear on the terms specified herein.
- They, and each of them, have no claims or causes of action against BDC of any kind, and if any such claims or causes of action exist or come to exist they, and each of them, hereby release BDC from any and all claims or causes of action.
- They will comply with all of the terms of the Loan, the Security and this Agreement.

### Payments

During the term of this Agreement will pay to BDC:

- regular monthly payments of interest until the Expiration Date;
- a fee in the amount of \$3,500 as consideration for BDC's agreement to forbear from enforcing the Security, which has been received;
- on demand all costs and expenses incurred by BDC in connection with the preparation and enforcement of this Agreement including legal costs on a solicitor and own client basis.

### Documents to be provided

The Borrowers and Guarantors will deliver to BDC the following:

- by 4:00pm on May 7, 2018, a fully signed copy of this Agreement.

### Additional Covenants

The Borrower and Guarantor shall pay all government priority claims during the term of this Agreement such as employee source deductions and GST/HST/QST to Canada Revenue Agency, Revenue Quebec or any other governmental agency.

In the event that Borrower and Guarantor are in breach of this Agreement or BDC, in its sole and absolute discretion determines that there has been a material adverse change in the financial position of the Borrower or the Guarantor, a new or increased risk to the BDC's Security or a new default under the loan documents or security it may immediately, without notice to the Borrower or the Guarantor, take such steps as it deems necessary to secure the pledged assets and recover payment of the Outstanding Indebtedness, including by the enforcement of the Security.

A handwritten signature in blue ink, appearing to be "M. M.", is located in the bottom right corner of the page.



On or before the Expiration Date, BDC will review the status of the Loan and at its sole discretion determine whether to extend the term of this Agreement, reinstate the Loan, or take such steps as it considers necessary to recover payment of the Outstanding Indebtedness.

No amendment to this Agreement shall be effective unless made in writing. There are no representations, warranties or collateral agreements in effect between BDC, the Borrower and the Guarantor relating to the subject matter hereof.

No delay or omission by BDC in exercising any right or remedy under or related to this Agreement shall operate as a waiver thereof or of any other right or remedy available to BDC.

If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

This Agreement may be signed in as many counterparts as may be necessary.

In the event of a conflict between the terms of the Loan or Security and the terms of this Agreement, the provisions of this Agreement shall govern to the extent necessary to remove the conflict.

Yours truly,

A handwritten signature in blue ink, appearing to read "Dodie Ballesteros".

Dodie BALLESTEROS  
Senior Account Manager, Special Accounts  
T (416) 954-5948  
E Dodie.BALLESTEROS@bdc.ca

A handwritten signature in blue ink, appearing to read "Angus Hutchinson".

Angus Hutchinson  
Regional Director, Special Accounts  
T (416) 973-0018  
E Angus.HUTCHINSON@bdc.ca

Encl.





**Acceptance Form**

**Subject: BDC Loan # 096107-01**

[I/We] agree and accept the terms of this Letter.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.  
(date) (month) (year)

**Safety Seal Plastics Inc.**

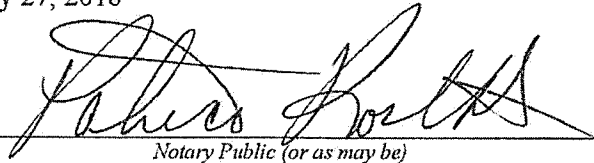
Per: \_\_\_\_\_

**Guarantor**

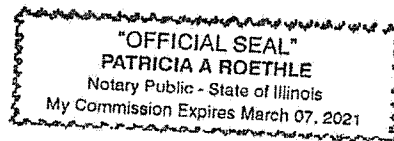
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Michael L. Bedrosian

# **EXHIBIT “P”**

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



*Notary Public (or as may be)*



May 23, 2018

**PRIVATE AND CONFIDENTIAL TO BE OPENED BY THE ADDRESSEE ONLY**  
**VIA COURIER**

**Safety Seal Plastics Inc.**  
400 Michener Road, Unit 1,  
Guelph, ON N1K 1H0

**Attention: Masroor Masood**

Dear Sir:

**Re: Indebtedness of Safety Seal Plastics Inc. (the "Borrower") to Royal Bank of  
Canada (the "RBC")**

---

We are the solicitors for RBC in connection with its lending arrangements with the Borrower.

The Borrower is indebted to RBC under the terms of Visa credit card agreement (the "**Visa Agreement**"). The Borrower has defaulted on its payment arrangements under the Visa Agreement. Please take notice that all Visa cards issued pursuant to the Visa Agreement are hereby cancelled and RBC requires repayment of all amounts owing pursuant to the Visa Agreement. As at May 23, 2018 RBC is owed the sum of \$68,404.85 pursuant to the Visa Agreement.

The Borrower is further party to a Commitment to Lease dated January 27, 2017 and a Progress Payment Agreement dated January 27, 2017 ("**Interim Lease Agreements**") in respect of the purchase and installation of a Pouch machine for the Borrower ("**the Equipment**"). To date, no formal lease has been entered into for the Equipment and the bank has not agreed to extend the time to enter into a lease. Pursuant to paragraph 3 of the Progress Payment Agreement, RBC is requesting that you purchase RBC's right, title and interest in the Equipment for the sum of \$858,988.27 which is broken down as follows:

Principal balance	: 753,090.63
Interim interest	: 3,325.98 (May 1 to May 31,2018)
Cancellation fee	: 2,500.00
Admin fee	: 1,250.00
HST 13%	: 98,793.77
<b>Total owing</b>	<b>: 858,988.27</b>

On behalf of RBC, we hereby make formal demand for payment of the sum of **\$927,393.12**, together with interest and any and all costs and expenses (including, without limitation, RBC's legal and other professional fees) incurred by RBC to the date of repayment (collectively, the "**Indebtedness**"). Interest continues to accrue on the Indebtedness at the rates established by the Visa Agreement and Interim Lease Agreements.

If payment of the Indebtedness is not received or alternate arrangements satisfactory to our client are not put in place forthwith, RBC shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it. In the event that RBC is required to incur costs to enforce its rights, it will also be seeking all costs incurred in so doing.

In the interim, RBC reserves all of its rights and remedies against the Borrower and its property, including without limitation such steps as may be necessary to prevent the impairment of RBC's position, without notice to the Borrower.

We trust you will give this matter your immediate attention.

Yours very truly,

**AIRD & BERLIS LLP**

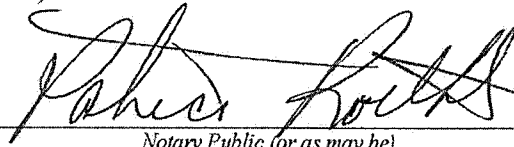
Sanjeev P. R. Mitra

cc: *Client*

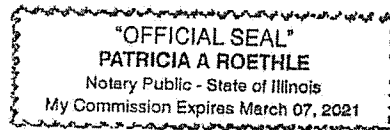
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# **EXHIBIT “Q”**

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



*Notary Public (or as may be)*



# EXHIBIT " Q "

Hewlett-Packard Financial Services Canada Company  
c/o Hewlett-Packard Financial Services Company  
200 Connell Drive  
Suite 5000  
Berkeley Heights, NJ 07922

January 19, 2018

Safety Seal Plastics, Inc.  
400 Michener Road, Unit 1  
Guelph, ON N1K 1E4  
Canada

Attention: Frank Tannura, CFO

Re: Business Lease Agreement Number 5399075148000001 dated as of 7/02/2017 (the "Lease") between Hewlett-Packard Financial Services Canada Company ("HPFS") and Safety Seal Plastics, Inc. ("Lessee").

Dear Mr. Tannura:

On January 9, 2018, you were notified of the substantial arrearage owed by Lessee under the above-referenced Lease, which constitutes a default under the Lease. As of the date hereof, we have not received payment of the past due balance under the Lease.

HPFS hereby declares all amounts due and to become due under the Lease to be immediately due and payable. Demand is hereby made upon you to remit the accelerated balance of **\$2,021,112.50** via wire, certified or cashier's check or money order made payable to "Hewlett-Packard Financial Services Canada Company" to the address indicated above within ten (10) days of the date of this letter, which is on or before January 29, 2018. This accelerated amount is exclusive of the value of any equipment not returned to HPFS, any residual value of equipment not returned to HPFS, attorney's fees, costs and expenses of collection and additional late fees and interest. To the extent that you do not intend to pay or resolve the accelerated balance within ten (10) days, demand is hereby made upon you to return the equipment to HPFS on or before January 29, 2018.

Lessee's failure to pay this amount shall result in HPFS exercising any or all of its rights and remedies under the Lease, including legal action. Lessee shall be responsible for all legal fees and costs associated with enforcement of the Lease.

All future correspondence regarding your account should be directed to the attention of Denise Gill at Denise.Gill@hpe.com. Your prompt attention to this matter is strongly encouraged.

Very truly yours,

**HEWLETT-PACKARD FINANCIAL SERVICES CANADA COMPANY**

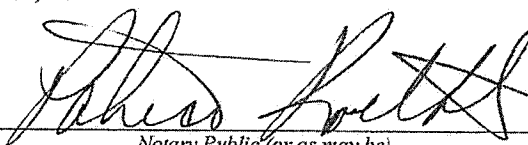
  
Denise Gill  
Customer Delivery Manager

(908) 898-4741  
Denise.Gill@hpe.com

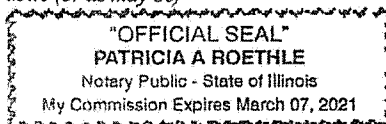


# **EXHIBIT “R”**

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



*Notary Public (or as may be)*



# EXHIBIT "R"

## FORBEARANCE AGREEMENT

This Forbearance Agreement, dated as of February 16, 2018 (the "Agreement"), by and between Hewlett-Packard Financial Services Canada Company ("HPFS") and Safety Seal Plastics Inc. ("Lessee"), sets forth the terms upon which HPFS is willing to forbear from enforcement of its rights under the Enterprise Business Lease Agreement No. 5399075148000001, dated July 12, 2017, by and between HPFS, as lessor, and Lessee, as lessee (along with Schedule A and all other documents associated therewith or incorporated by reference thereunder, the "Lease"). Capitalized terms used in this Agreement without definition have the meanings specified in the Lease.

In consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, it is hereby agreed as follows:

The Lessee acknowledges the following:

1. The Lessee has failed to comply with the terms of the Lease and is currently in default of its obligations owed to HPFS under the Lease, including without limitation the failure to pay rent and other amounts payable to HPFS under the Lease and Schedule A within 10 days after receipt of notice from HPFS (the "Existing Defaults").
2. As of the date of this Agreement, the Lessee is indebted to HPFS in the amount of \$330,648.95 (the "Indebtedness").
3. Interest has accrued and continues to accrue on the Indebtedness at the rate of 18% per annum, pursuant to the Lease.
4. The Lessee remains liable for its continuing obligations to make monthly lease payments and to perform its other covenants under the Lease, subject to the terms of this Agreement.
5. The Lease is the valid, binding obligation of the Lessee, enforceable against the Lessee in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforceability generally of the rights of creditors or lessors.
6. The Lessee has received written demand to pay the accelerated balance owing under the Lease in the amount of \$2,021,112.50 on or before January 19, 2018.
7. The Lessee does not dispute its liability to pay the Indebtedness, plus all accrued and accruing interest, on any basis whatsoever, and acknowledges and agrees that it has no claims for set off, counterclaim or damages on any basis whatsoever against HPFS or any of its affiliates, directors, officers, employees, representatives or agents.
8. The Lease has not been discharged, varied or waived, and is binding and enforceable, and this Agreement is not a waiver by HPFS of any of its rights under the Lease, at law or in equity.

9. The Lessee has received independent legal advice with respect to this Agreement, and has agreed to its terms willingly.

The acknowledgements described in Sections 1 through 9 of this Agreement are referred to as the "Acknowledgments".

10. Subject to the terms of this Agreement, the rent payments due under the Lease are hereby modified and amended as follows:
- \$10,000 shall be due upon Lessee's signing of this Agreement.
  - \$5,000 shall be due on or before the Friday of each subsequent week up until March 30, 2018.
  - Thereafter, lease payments under the Lease shall be due as set forth on Schedule A to the Lease. HPFS and Lessee will attempt to negotiate in good faith a restructured lease payment schedule after March 2018, provided that such negotiations shall in no way extend HPFS' agreement with respect to the Forbearance (defined below) beyond the termination or expiration thereof, unless otherwise agreed to in writing by the parties.

The payments described in Section 10 of this Agreement are referred to as the "Restructured Rent Payments".

The Lessee agrees and covenants with HPFS as follows:

11. The Lessee agrees that the Acknowledgements are true and accurate.
12. The Lessee agrees to make the Restructured Rent Payments to HPFS, to be credited against the Indebtedness.
13. The Restructured Rent Payments shall be made in United States currency paid by wire on or before the due date of such Restructured Rent Payments indicated above as follows:

**Account Name:** HEWLETT-PACKARD FINANCIAL SVCS CDA CO.  
**Account Number:** 43259100  
**Currency:** USD

**Bank address:**  
Bank of America N.A, Canada Branch  
200 Front Street West, Ste 2600  
Toronto, ON M5V 3L2

**Bank number:** 241  
**Transit number:** 56792  
**Routing Transit for ACH debits and credits:** 024156792  
**SWIFT Code for Wires:** BOFACATT



14. The Lessee reaffirms all covenants, representations and warranties made to HPFS under the Lease, and agrees to comply with all terms and conditions of the Lease, other than the payment terms that are specifically modified by the Restructured Rent Payments set out in Section 10 above.
15. The Lessee shall continue to carry on its businesses in its ordinary course, and shall promptly advise HPFS of any material adverse change in either of its business or financial circumstances.
16. Other than the Existing Defaults, there is and shall be no other default under the Lease.

The covenants made in Sections 11 through 16 of this Agreement are referred to as the "Covenants".

Subject to, and in consideration of, the Covenants, HPFS agrees to temporarily forbear from taking any steps to enforce its rights or remedies under the Lease, until close of business April 2, 2018 (the "Forbearance").

However, notwithstanding the Forbearance, HPFS' agreement to forbear from enforcing its rights and remedies will cease upon any of the following events occurring:

- (a) If there is any breach of the Covenants, at HPFS' sole reasonable determination;
- (b) If any of the Acknowledgments are determined by HPFS not to be true and accurate, at HPFS' sole reasonable determination;
- (c) If HPFS, on reasonable grounds, believes the Equipment is at risk of being lost, damaged, or its value impaired, or seized or attached by any person, firm, corporation, or federal, provincial or municipal authority pursuant to any legal process; or
- (d) Close of business, April 2, 2018.

The Lessee agrees that if HPFS' agreement to forbear from enforcing its rights and remedies ceases pursuant to this Agreement, HPFS shall be entitled to enforce its rights and remedies as set out in the Lease, at law or in equity.

The parties agree that HPFS will not be obligated in any way to provide any further financial facilities the Lessee pursuant to this Agreement or otherwise, and the Lessee acknowledges that time is of the essence of this Agreement.


Please sign this Agreement below to indicate Lessee's acknowledgment and acceptance of the Acknowledgments, Covenants and other terms and conditions set out in this Agreement and return to HPFS no later than **Friday, February 16, 2018**. If this executed document is not received by HPFS by this date, this Agreement shall be null and void, and all terms of the Lease shall be enforceable by HPFS.



IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE DATE SPECIFIED ABOVE.

HEWLETT-PACKARD FINANCIAL SERVICES CANADA COMPANY

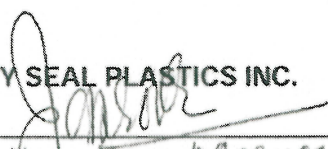
Per:

  
Name: Name Gary Silberman  
Title: Title Director - Risk Management  
I/We have the authority to bind the corporation

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SAFETY SEAL PLASTICS INC.

Per:

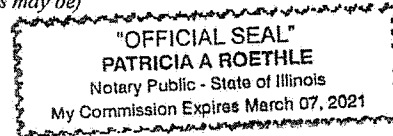
  
Name: Name Masroor Masood  
Title: Title Financial Controller  
I/We have the authority to bind the corporation

# **EXHIBIT “S”**

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



*Notary Public (or as may be)*





**SAFETY SEAL PLASTICS INC.  
RESOLUTIONS OF DIRECTORS**

**GENERAL SECURITY AGREEMENT IN  
FAVOUR OF PACKAGING GROWTH INVESTORS, LLC**

WHEREAS the Corporation is indebted to Packaging Growth Investors, LLC (the "Creditor");


AND WHEREAS the Creditor has requested security therefor in the form of a general security agreement;


NOW THEREFORE BE IT RESOLVED THAT:

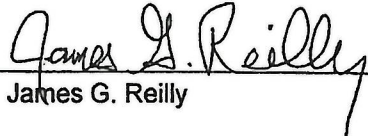
1. the Corporation execute and deliver a general security agreement, in substantially the form as annexed hereto, in favour of the Creditor; and,
2. the President of the Corporation be and he she is hereby authorized for and on behalf of the Corporation to execute and deliver the aforesaid general security agreement and to execute and deliver such other documents and to do such things as are deemed necessary or desirable to carry out the provisions of this resolution.

THE UNDERSIGNED, being all of the directors of the Corporation, hereby pass the foregoing resolutions pursuant to the provisions of the *Business Corporations Act* (Ontario).

DATED this 11<sup>th</sup> day of January, 2018.

  
\_\_\_\_\_  
Michael Bedrosian

  
\_\_\_\_\_  
Frank V. Tannura

  
\_\_\_\_\_  
James G. Reilly

## **GENERAL SECURITY AGREEMENT**

THIS AGREEMENT made in duplicate this 11th day of January, 2018,

### **ARTICLE 1- ACKNOWLEDGMENT**

- 1.1 As a general and continuing collateral security for payment of all existing and future indebtedness and liability of the undersigned to PACKAGING GROWTH INVESTORS, LLC (the "Creditor") wheresoever and howsoever incurred and any ultimate unpaid balance thereof, the undersigned hereby charges in favour of and grants to the Creditor a security interest in the undertaking of the undersigned and all property of the kinds hereinafter described of which the undersigned is now or may hereafter become the owner and the undersigned agrees with the Creditor as hereinafter set out.

### **ARTICLE 2- DEFINITIONS**

- 2.1 In this agreement

"PPS Act" means The Personal Property Security Act (Ontario) and any Act that may be substituted therefor, as from time to time amended;

"Collateral" means and includes all of the above mentioned undertaking and property whether now owned or hereafter acquired, and whether tangible or otherwise;

"Chattel paper", "documents of title", "goods" and "instrument" have the meanings respectively ascribed to them in the PPS Act; and

"Receivables" means the property described in paragraph 3.3 hereof.

### **ARTICLE 3- DESCRIPTION OF PROPERTY**

- 3.1 Inventory. All goods now or hereafter forming part of the inventory of the undersigned including, without limiting the generality of the foregoing, the following: goods held for sale or lease; goods furnished or to be furnished under contracts of service; goods which are raw materials or work in process; goods used in or procured for packing; materials used or consumed in the business of the undersigned; emblements; industrial growing crops; oil, gas and other minerals to be extracted; timber to be cut; and the goods described in paragraph 15 hereto.
- 3.2 Equipment. All goods now or hereafter owned by the undersigned which are neither inventory within the foregoing description nor consumer goods as defined in the PPS Act, used or intended for use in or about the place or places hereinafter designated or in any business conducted elsewhere by the undersigned, including, without limiting the generality of the foregoing, the following: machinery; fixtures; furniture; plant; vehicles of any sort or description; the property described in paragraph 16 hereof; and all accessories installed in or affixed or attached or appertaining to any of the foregoing.
- 3.3 Receivables. All debts, accounts, claims, moneys and choses in action now or hereafter due or owing to or owned by the undersigned.
- 3.4 Chattel Paper. All chattel paper now or hereafter owned by the undersigned.

- 3.5 Documents of Title. All warehouse receipts, bills of lading and other documents of title, whether negotiable or otherwise, now or hereafter owned by the undersigned.
- 3.6 Books, Records, etc. All books and papers recording, evidencing or relating to the above mentioned Receivables, chattel paper or documents of title, and all securities, bills, notes, instruments, writings and other documents now or hereafter held or owned by the undersigned or anyone on behalf of the undersigned with respect to the above mentioned Receivables, chattel paper or documents of title.
- 3.7 Securities. All shares, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the undersigned together with renewals thereof, substitutions therefor, accretions thereto and all rights and claims in respect thereof and including, without limiting the generality of the foregoing descriptions, the securities listed in paragraph 17 hereof which are now held by or are delivered herewith to the Creditor.
- 3.8 Proceeds. All personal property in any form or fixtures derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for Collateral destroyed or damaged.

#### **ARTICLE 4- OWNERSHIP OF COLLATERAL**

- 4.1 The undersigned represents and warrants that, except for the security interest created hereby and except for purchase money obligations, the undersigned is, or with respect to Collateral acquired after the date hereof will be, the owner of the Collateral free from any mortgage, lien, charge, security interest or encumbrance. "Purchase money obligations" means any mortgage, lien or other encumbrance upon property assumed or given back as part of the purchase price of such property or arising by operation of law or any extension or renewal or replacement thereof upon the same property, if the principal amount of the indebtedness secured thereby is not increased. Notwithstanding the foregoing the Creditor acknowledges that the Collateral is subject to the following charges:
  - (a) a prior security interest in favour of HSBC Bank Canada (GSA) (postponed to BDC);
  - (b) a prior security interest in favour of HSBC Bank Canada (equipment) (postponed to BDC);
  - (c) a prior security interest in favour of VW Credit Canada Inc. (vehicle);
  - (d) a prior security interest in favour of Ford Credit Canada Limited (vehicle);
  - (e) a prior security interest in favour of Liftcapital Corporation (equipment);
  - (f) a prior security interest in favour of Business Development Bank of Canada (GSA);
  - (g) a prior security interest in favour of Business Development Bank of Canada (equipment lease);
  - (h) a prior security interest in favour of De Lage Landen Financial Services Canada Inc. (vehicle);

- (i) a prior security interest in favour of Stuart Budd & Sons Ltd. (vehicle);
- (j) a prior security interest in favour of Ford Credit Canada Limited (equipment);
- (k) a prior security interest in favour of Royal Bank of Canada (equipment lease);  
and,
- (l) a prior security interest in favour of Hewlett-Packard Financial Services Canada Company (equipment lease).

#### **ARTICLE 5- INSURANCE**

- 5.1 The undersigned shall keep the Collateral insured against loss or damage by fire and such other risks as the Creditor may reasonably require to the full insurable value thereof, and shall either assign the insurance policies to the Creditor or have the loss thereunder made payable to the Creditor as the Creditor may require. At the request of the Creditor such policies shall be delivered to and held by it. Should the undersigned neglect to maintain such insurance the Creditor may insure, and any premiums paid by the Creditor together with interest thereon shall be payable by the undersigned to the Creditor upon demand.

#### **ARTICLE 6- LIENS, ETC.**

- 6.1 The undersigned shall keep the Collateral free and clear of all taxes, assessments, claims, liens and encumbrances (save as aforesaid) and shall promptly notify the Creditor of any loss of or damage to the Collateral or any part thereof.

#### **ARTICLE 7- USE OF COLLATERAL**

- 7.1 Until default as hereinafter defined, the undersigned may, subject to the provisions of paragraph 10 hereof, use the Collateral in any lawful manner not inconsistent with this agreement or with the terms or conditions of any policy of insurance thereon, and sell the same in the ordinary course of business. All proceeds of sale shall be received as trustee for the Creditor and shall be forthwith paid over to the Creditor.

#### **ARTICLE 8- INFORMATION AND INSPECTION**

- 8.1 The undersigned shall from time to time forthwith on request furnish to the Creditor in writing all information requested relating to the Collateral or any part thereof, and the Creditor shall be entitled from time to time to inspect the tangible Collateral wherever located including, without limitation, the books and records referred to in paragraph 3.6 hereof, and for such purpose the Creditor shall have access to all places where the Collateral or any part thereof is located and to all premises occupied by the undersigned.

#### **ARTICLE 9- DEFAULT**

- 9.1 Upon default by the undersigned in payment of all or any part of the indebtedness or liability of the undersigned to the Creditor or in the performance or observance of any of the provisions hereof (in this agreement called "default") the Creditor may appoint in writing any person to be a receiver (which term shall include a receiver and manager) of the Collateral, including any rents and profits thereof, and may remove any receiver and appoint another in his stead, and such receiver so appointed shall have power to take possession of the Collateral and to carry on or concur in carrying on the business of the undersigned, and to sell or concur in selling the Collateral or any part thereof. Any such

receiver shall for all purposes be deemed to be the agent of the undersigned. The Creditor may from time to time fix the remuneration of such receiver. All moneys from time to time received by such receiver shall be paid by him first in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Collateral, secondly in payment of his remuneration as receiver, thirdly in keeping in good standing any liens and charges on the Collateral prior to the security constituted by this agreement, and fourthly in or toward payment of such parts of the indebtedness and liability of the undersigned to the Creditor as to the Creditor seems best, and any residue of such moneys so received shall be paid to the undersigned. The Creditor in appointing or refraining from appointing such receiver shall not incur any liability to the receiver, the undersigned or otherwise.

- 9.2 In addition to the rights and remedies specifically provided herein, the Creditor shall, upon default, have the rights and remedies of a secured party under the PPS Act.
- 9.3 Unless the Collateral is perishable or unless the Creditor believes that the Collateral will decline speedily in value, the undersigned shall be entitled to not less than fifteen days' notice in writing of the date, time and place of any public sale or of the date after which any private disposition of the Collateral is to be made.

#### **ARTICLE 10- RECEIVABLES**

- 10.1 The Creditor may collect, realize, sell or otherwise deal with the Receivables or any part hereof in such manner, upon such terms and conditions and at such time or times, whether before or after default, as may seem to it advisable and without notice to the undersigned (except in the case of sale and then subject to paragraph 9.3 hereof). The Creditor shall not be liable or accountable for any failure to collect, realize, sell or obtain payment of the Receivables or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Creditor, the undersigned or any other person, firm or corporation in respect of the same. All moneys collected or received by the undersigned in respect of the Receivables shall be received as trustee for the Creditor and shall be forthwith paid over to the Creditor. All moneys collected or received by the Creditor in respect of the Receivables or other Collateral may be applied on account of such parts of the indebtedness and liability of the undersigned as to the Creditor seems best or in the discretion of the Creditor may be released to the undersigned, all without prejudice to the liability of the undersigned or the Bank's right to hold and realize this security.

#### **ARTICLE 11- CHARGES AND EXPENSES**

- 11.1 The Creditor may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advices and services) in or in connection with realizing, disposing of, retaining or collecting the Collateral or any part thereof, and such sums shall be a first charge on the proceeds of realization, disposition or collection.

**ARTICLE 12- FURTHER ASSURANCES**

- 12.1 The undersigned shall from time to time forthwith on the Creditor's request do, make and execute shall such financing statements, further assignments, documents, acts, matters and things as may be required by the Creditor of or with respect to the Collateral or any part thereof or as may be required to give effect to these presents, and the undersigned hereby constitutes and appoints the President or Secretary for the time being of the Creditor or the Creditor the true and lawful attorney of the undersigned irrevocable with full power of substitution to do, made and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the undersigned whenever and wherever it may be deemed necessary or expedient.

**ARTICLE 13- DEALINGS BY CREDITOR**

- 13.1 The Creditor may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the undersigned, debtors of the undersigned, sureties and others and with the Collateral and other securities as the Creditor may see fit without prejudice to the liability of the undersigned or the Creditors's right to hold and realize this security.

**ARTICLE 14- LOCATION OF COLLATERAL**

- 14.1 Save as to any property described in paragraph 17 hereof, the Collateral, insofar as it consists of tangible property, is now and will hereafter be kept at the following place or places:

400 Michener Road, Unit 1, Guelph, Ontario N1K 1E4

392 Silvercreek Parkway, Guelph, Ontario N1H 1E9

and, subject to the provisions of paragraph 7 hereof, none of the Collateral shall be removed therefrom without the written consent of the Creditor.

**ARTICLE 15- SUPPLEMENTARY DESCRIPTION OF INVENTORY**

- 15.1 N/A

**ARTICLE 16- SUPPLEMENTARY DESCRIPTION OF EQUIPMENT**

- 16.1 N/A

**ARTICLE 17- SUPPLEMENTARY DESCRIPTION OF SECURITIES**

- 17.1 N/A

**ARTICLE 18 - GENERAL**

18.01 This agreement (a) shall be a continuing agreement in every respect; (b) shall be governed by the laws of the Province of Ontario; and (c) may be terminated by the undersigned by written notice delivered to the Creditor at c/o Chromium Industries, LLC, 4645 W. Chicago Avenue, Chicago, IL 60651, at any time when the undersigned is not indebted or liable to the Creditor. No remedy for the enforcement of the rights of the Creditor hereunder shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provided for by this agreement is intended to attach when this agreement is signed by the undersigned and delivered to the Creditor. For greater certainty it is declared that any and all future loans, advances or other value which the Creditor may in its discretion make or extend to or for the account of the undersigned shall be secured by this agreement. If more than one person executes this agreement their obligations hereunder shall be joint and several.

IN WITNESS WHEREOF the undersigned has executed this agreement this 11th day of January, 2018.

**SAFETY SEAL PLASTICS INC.**

Per: \_\_\_\_\_

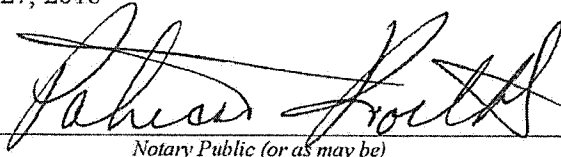
Authorized Signing Officer

I have the authority to bind the Corporation

# **EXHIBIT “T”**



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

A handwritten signature in cursive script, appearing to read "Patricia A. Roethle", written over a horizontal line.

*Notary Public (or as may be)*





**EXHIBIT** "T"

Safety Seal Plastics Inc.  
400 Michener road, unit 1  
Guelph, ON N1K 1E4  
Canada

**Attention: Mr. Frank V. Tannura, Director**

Delivered by e-mail

June 28, 2018

**Re: Safety Seal Plastics Inc. (SSP) Asset Acquisition**

Dear Frank:

The purpose of this letter (the "**Letter**") is to set forth certain non-binding provisions and certain binding agreements between **LABELINK PRODUCTS INC. (Labelink)** or its assignee, a new corporation under Labelink's control (the "**Buyer**" or "**NewCo**") and **SAFETY SEAL PLASTICS Inc. (Safety Seal** or the "**Seller**") with respect to the possible acquisition of certain assets owned by the Seller (the "**Assets**") on the terms set forth below. We understand that the Seller is the sole legal and beneficial owner of all of the Assets and that **Packaging Growth Investors, LLC (PGI)** is the majority shareholder of Safety Seal. For clarity, the "Assets" shall not include any assets over which Business Development Bank of Canada has a first ranking charge.

The Buyer's evaluation is based on its reviews of the Seller's latest audited financial statements for year ended March 31, 2017, internal statement dated March 31, 2018 and information/discussions from/with Frank V. Tannura and Masroor Masood since April 24<sup>th</sup>, 2018.

This Letter sets forth the key terms and conditions which would form the basis of the Buyer proceeding to purchase the Assets.

The Buyer acknowledges that the Seller has advised they intend that the transfer and conveyance of the Assets to the Buyer will be completed through a Court process (such transfer and conveyance procedures to be reasonably satisfactory to the Buyer, acting



reasonably) and will include the issuance of a vesting order issued by the Ontario Superior Court of Justice (substantially in the form of the Ontario Superior Court of Justice (the "**Court**") Commercial List model vesting order) granting free and clear title to the Assets (the "**Vesting Order**").

The Buyer understands that the transfer and conveyance of the Assets to the Buyer by the receiver will be on an "as is, where is" basis without representations or warranties from the receiver as to the title, condition, quality or quantity of the Assets, subject to the provisions of the Vesting Order.

### **PART ONE – NON-BINDING PROVISIONS**

The foregoing language and the following numbered paragraphs of this Letter (collectively, the "**Non-binding Provisions**") reflect our mutual understanding of the matters described in them, but each party acknowledges that neither the Non-binding Provisions nor any prior or subsequent conduct, dealings or action between the parties is intended to create or constitute and does not create or constitute any legally binding obligation or agreement between the Buyer and the Seller, and neither the Buyer nor the Seller will have any recourse or liability to the other party based upon, arising from or relating to the Non-binding Provisions.

1. Transaction. The Buyer's interest is limited to the Assets, including machinery, tooling and equipment, furniture, leasehold improvements, automobiles, trade accounts receivable, inventory, prepaid expenses, customer contracts and purchase orders, Safety Seal brand name, trademarks, accreditations (to the extent assignable), marketing collateral materials, complete IT infrastructure and software (subject to any license restrictions), and Intellectual Property including the design database and project planning and tracking software (subject to any license restrictions). The parties will close the transaction 3 business days after the issuance of the Vesting order, but not later than August 31, 2018 (the "**Closing Date**").
2. Purchase Price. Based on the information provided to the Buyer by the Seller as at the date hereof, the Purchase Price for all of the Assets will be \$3,100,000 (the "**Purchase Price**") plus applicable taxes. A deposit of \$310,000 will be payable to the Seller's lawyer on execution of the Definitive Agreement with the remaining



balance of the Purchase Price payable on closing. The deposit will be refunded to the Buyer if the transaction fails to close through no fault of the Buyer. Buyer proposes that the Purchase Price be allocated to the Buyer's secured lenders as follows:

HSBC - \$2,600,000 (83.9%)  
RBC - \$500,000 (16.1%)

Additionally, the Purchase Price will be adjusted downward (on closing) on a dollar for dollar basis if the HSBC revolving loan is lower than than \$2,470,000 and such downward adjustment shall be allocated towards amount listed above that HSBC is entitled to receive.

All outstanding Priority Payables as at closing shall be assumed by the Buyer on closing. For purposes of this Letter of Intent, "**Priority Payables**" shall mean all amounts owing by the Seller up to the date of closing relating to outstanding employee wages, vacation pay and employee source deductions,.

All fees, costs and expenses relating to the Seller in connection with the proposed transaction including, without limitation, all fees, costs and expenses relating to the preparation and negotiation of the Definitive Agreement (and all ancillary documents) and all fees, costs and expenses related to the receiver (and its legal counsel), will be borne HSBC and RBC on a basis to be determined between HSBC and RBC or the Court.

3. Due Diligence. Upon receipt of this Letter by the Seller, the Buyer will continue its financial, legal and commercial due diligence investigation with respect to, among other things, the prospects, business, tangible and intangible assets, contracts, rights, liabilities and obligations of the Seller, including financial, marketing, employee, legal, etc. (the "**General Due Diligence Investigation**") solely for the purpose of assessing the proposed transaction hereunder. It is understood from the Buyer that the Due Diligence Investigation will be concurrent to the preparation of the Definitive Agreement.

During the General Due Diligence Investigation, the Buyer will not be entitled to contact, in any manner whatsoever, the Seller's customers. Prior to serving materials in connection with the hearing of the application for the obtaining of the



Vesting Order (the "**Application**"), the Buyer shall be entitled to contact the Seller's customers solely for the purpose of assessing the proposed transaction hereunder (the "**Customer Due Diligence Investigation**"). During the Customer Due Diligence Investigation, all contact by Buyer with Seller's customers will be with the specific consent of Seller.

4. Proposed Form of Agreement. It is intended that the parties will promptly begin negotiating in good faith to promptly reach a written definitive agreement (the "**Definitive Agreement**"), containing terms and conditions contemplated in this Part One-Non-Binding Provisions and as required by the Buyer and Seller, acting reasonably.
  
5. Conditions to Proposed Transaction. Without limiting the generality of paragraph 4 above, the proposed transaction in the Definitive Agreement (and the execution thereof by the Buyer) is subject to certain terms and conditions and to the fulfillment of certain conditions, including:
  - a) The Buyer will be entirely satisfied, in its sole discretion, with results of the General Due Diligence Investigation to be completed on or before 6:00pm on July 3, 2018;
  
  - b) The Buyer will be entirely satisfied, in its sole discretion, with the results of its Customer Due Diligence Investigation to be completed prior the serving of the materials in connection with the hearing of the Application;
  
  - c) Safety Seal will continue to operate in the normal course of business until the Closing Date;
  
  - d) The HSBC will have continued to provide to the Seller revolving based lending and a term loan on the terms and conditions currently in place totalling \$4,770,000 until the Closing Date;
  
  - e) The RBC will have continued to provide to the Seller an equipment lease on the terms and conditions currently in place (net \$753,000 amount) until the Closing Date;



- f) On the closing, Assets will be transferred to the Buyer by way of the Vesting Order free and clear of all hypothecs, mortgages, claims, privileges, liens, pledges, trust deeds, options, security interests, encumbrances and charges of any nature whatsoever (collectively, "**Claims**"), with the exception of any Claims arising under any operating leases to which the Seller is a party (the "**Permitted Claims**"), such Permitted Claim should only apply to the assets for which the operating lease was granted;
- g) All accounts receivables will be transferred by the Seller to the Buyer on closing;
- h) Absence of any material adverse change in the Seller's business, prospects, assets or operations since March 31<sup>st</sup>, 2018 (it being acknowledged that the initiation of a Court process to effect the transactions contemplated herein will not be a material adverse change);
- i) Delivery of consents under long-term contracts from customers and from lessors under operating leases, related to any contracts or leases which the Buyer intends to assume (or an order(s) of the Court permitting the transfer of such contracts);
- j) Delivery of customary closing certificates and other closing documentation;
- k) Buyer shall: (i) enter into a new lease agreement with the landlord of 400 Michener Road, Guelph, Ontario (the "**Premises**") on substantially the same financial terms as are currently in existence, subject to a review of the lease; or (ii) take an assignment of the existing lease respecting the Premises;
- l) Buyer will enter into a transaction with Safety Seal Plastics LLC with respect to an equity investment by the Buyer in Safety Seal Plastics, LLC on terms satisfactory to the Buyer;
- m) The Court shall issue an Order approving the Transaction and vesting title to the Assets, free and clear of all claims and encumbrances except for Permitted Claims; and



- n) The guarantee given by Frank Tannura to HSBC shall be released contemporaneously with closing.

## **PART TWO – BINDING PROVISIONS**

In consideration of the significant costs to be borne by Buyer in pursuing this proposed transaction, and further in consideration of the mutual covenants described herein, upon execution by the Seller of this Letter, the following Part Two paragraphs (collectively, the "**Binding Provisions**") will constitute a legally binding and enforceable agreement of the Buyer and the Seller.

6. Definitive Agreement. The Seller will provide or cause to be provided to the Buyer, within 5 business days from the acceptance of this Letter by the Seller, an initial draft of the Definitive Agreement and a related undertaking of the Seller to proceed with the transaction outlined herein and in the Definitive Agreement.
7. Access. The Seller will provide the Buyer complete access to its facilities, complete information, books, records, letters and notices and will cause certain agreed upon senior managers (individually a "**Representative**" and collectively, the "**Representatives**") of the Seller to cooperate fully with, and disclose all relevant information to the Buyer and the Buyer's Representatives in connection with the General Due Diligence Investigation.
8. Exclusive Dealing. For a period beginning on the acceptance date of this Letter by the Seller until the earlier of (i) termination of the Letter as provided in paragraph 15 below, and (ii) the closing of the proposed transaction, the Seller and their Representatives will not, directly or indirectly, solicit or entertain offers from, provide information to, negotiate with or in any manner encourage, discuss, accept or consider any proposal of any other person, and will suspend any current discussions, relating to the acquisition of any of its shares, Assets or business, in whole or in part, by any means (other than sales of assets in the ordinary course) and during such period, any such parties will notify the Buyer of any unsolicited offers received by them or their Representatives in this regard.
9. Conduct of Business. Until closing or termination of the Binding Provisions, the Seller will carry on its operations in the ordinary course of business. Without the Buyer's prior approval, which will not be unreasonably withheld or delayed, the



Seller will not (i) purchase any capital assets, (ii) terminate any key employees, or (iii) enter into any obligation or contract other than in the ordinary course associated with the production and sale of goods.

10. Business Funding: The Buyer agrees to provide funding in a cumulative amount up to \$200,000 to assist in the continued operations of the Business. Such funding will be provided from time to time as mutually agreed upon by Mr. Stephen Bouhard , Buyer CEO, and Mr. Frank V. Tannura, Seller Chairman.
11. Disclosure. It is understood and agreed that the transaction contemplated herein may be announced by either party after closing only.
12. Confidentiality. The parties agree that the Confidentiality Agreement dated April 5, 2018 between Safety Seal Plastics Inc. and Labelink Products Inc. shall continue to be binding on the parties in accordance with the terms thereof.
13. Costs. The Buyer and the Seller will each be responsible for and bear all of its own costs and expenses (including any broker's or finder's fees) incurred in connection with the proposed transaction, including expenses of its Representatives, incurred at any time in connection with pursuing or consummating the proposed transaction.
14. Entire Agreement. The Binding Provisions in this Part Two constitute the entire agreement between the parties, superseding all prior oral or written agreements, understandings, representations and warranties, and courses of conduct and dealing between the parties on the subject matter hereof. Except as otherwise provided herein, the Binding Provisions may be amended or modified only by a writing executed by all of the parties.
15. Termination. The Binding Provisions in this Part Two may be terminated:
  - (i) by mutual written consent of the Buyer and the Seller; or
  - (ii) upon written notice, at any time up to 6:00pm on July 3, 2018, by the Buyer to the Seller if the results of the General Due Diligence Investigation of the Buyer are not satisfactory to it for any reason in its sole discretion;





- (iii) upon written notice, at any time up to the hearing of the Application, by the Buyer to the Seller if the results of the Customer Due Diligence Investigation of the Buyer are not satisfactory to it for any reason in its sole discretion;
- (iv) upon written notice by either party to the other party or parties, if the parties have not negotiated the terms of a Definitive Agreement on or before July 9, 2018;
- (v) upon written notice by either party or parties to the other party or parties, if the sale of the Assets to the Buyer has not been completed by August 31, 2018; or
- (vi) upon written notice of the Buyer if HSBC or RBC do not continue to provide to the Seller credit facilities on the terms and conditions currently in place;

provided, however, that the termination of the Binding Provisions will not affect the liability of a party for breach of any of the Binding Provisions prior to the termination. Upon termination of the Binding Provisions, the parties will have no further obligations under the Binding Provisions hereunder, except as stated in paragraphs 12, 13 and 14 above, which will survive any such termination.

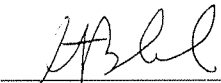
- 16. Assignment. On notice to the Seller, Labelink may assign its obligations hereunder to an affiliate, such assignment releasing Labelink of all obligations and liabilities hereunder.
- 17. No Partnership. Nothing in this Letter will be deemed in any way or for any purpose to constitute the Buyer a partner of the Seller in the conduct of the Safety Seal business or otherwise, or a member of a joint venture or a joint enterprise with the Seller.

If the above is satisfactory, please sign and date this Letter in the space provided below to confirm your agreement thereto, and return a signed electronic copy to the undersigned at **stephen@labelink.ca by 8:00 PM on June 28<sup>th</sup>, 2018**, failing which this letter shall be null and void.

Very truly yours,



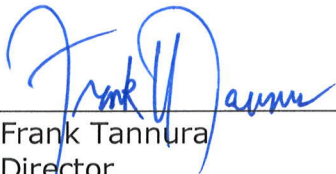
**LABELINK PRODUCTS INC.**

By:   
\_\_\_\_\_  
Stéphen Bouchard  
President



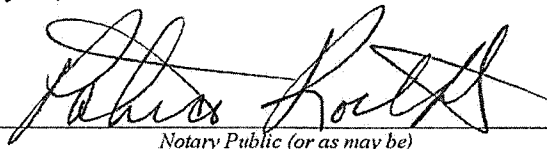
Agreed to and accepted by the Seller this <sup>28<sup>th</sup></sup> day of June, 2018.

**SAFETY SEAL PLASTICS Inc.**

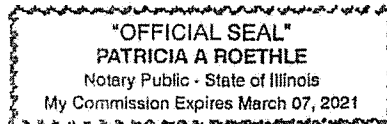
By :  \_\_\_\_\_  
Frank Tannura  
Director

# **EXHIBIT “U”**

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



*Notary Public (or as may be)*



# EXHIBIT "U"

EXECUTION VERSION

SAFETY SEAL PLASTICS INC.

as Vendor

- and -

LABELINK PRODUCTS INC.

as Purchaser

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ASSET PURCHASE AGREEMENT

July 19, 2018

---

**ASSET PURCHASE AGREEMENT** dated July 19, 2018 between **Safety Seal Plastics Inc.** (the “Vendor”) and **Labelink Products Inc.** (the “Purchaser”).

**WHEREAS** the Vendor wishes to sell the Vendor’s interest in certain assets (and to assign certain liabilities of the Vendor) and the Purchaser has agreed to purchase such assets (and assume such liabilities) upon the terms and conditions contained in this Agreement.

**AND WHEREAS** it is anticipated that immediately prior to obtaining the Approval and Vesting Order, HSBC Bank Canada will obtain an order of the Court (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. as a receiver (the “**Receiver**”) over the assets, property and undertaking of the Vendor for the purposes of completing the transactions contemplated in this Agreement on behalf of the Vendor pursuant to the terms of this Agreement.

In consideration of the above and for other good and valuable consideration, the parties agree as follows.

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions.** As used in this Agreement, the following terms have the following meanings:

- (a) “**Adjustment Amount**” means the positive difference, if any, between (i) \$2,470,000 and (ii) the amount of the indebtedness of the Vendor to HSBC Bank Canada under the operating line of credit as at the Time of Closing less all cash in the bank accounts of the Vendor;
- (b) “**Agreement**” means this asset purchase agreement, including all schedules annexed hereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;
- (c) “**Approval and Vesting Order**” means an approval and vesting order of the Court in a form and substance satisfactory to the Vendor and the Purchaser, each acting reasonably, approving this Agreement and vesting in and to the Purchaser the title in the Purchased Assets, free and clear of and from any and all Encumbrances with the exception of Permitted Encumbrances;
- (d) “**Business**” means the manufacture of shrink sleeve labels and other flexible packaging products;
- (e) “**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are closed for business in Toronto, Ontario;
- (f) “**Closing Date**” means (i) the date that is three Business Days following the day on which the last of the conditions of Closing set out in Article 8 (other than those conditions that by their nature can only be satisfied as of the Closing Date) has been

- satisfied or waived by the appropriate party, or (ii) such earlier or later date as the parties may agree in writing;
- (g) **“Court”** means the Ontario Superior Court of Justice;
  - (h) **“Encumbrances”** means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, right of first refusal or first offer, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any nature which, in substance, secures payment or performance of an obligation, and any contract, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;
  - (i) **“Governmental Entity”** means (i) any governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, tribunal, board, bureau, agency, commissioner or instrumentality, whether international, multinational, national, federal, provincial, state, county, municipal, local, or other; (ii) any subdivision or authority of any of the above; and (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;
  - (j) **“Intellectual Property”** means all trade or brand names, business names, trade marks, trade mark registrations and applications, trade name registrations, service marks, service mark registrations and applications, copyrights, copyright registrations and applications, patents, patent registrations and applications and other patent rights (including any patents issued on such applications or rights), trade secrets, recipes, processing procedures, proprietary manufacturing information and know-how, equipment and parts lists and descriptions, instruction manuals, inventions, inventors' notes, research data, unpatented blue prints, drawings and designs, industrial property, formulae, processes, technology and other intellectual property, domestic or foreign, owned or used by the Vendor, together with all rights under licences, registered user agreements, technology transfer agreements and other agreements or instruments relating to any of the foregoing;
  - (k) **“Laws”** means any principle of common law and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws; (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Entity; and (iii) to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity;
  - (l) **“Outside Date”** means August 31, 2018 or such later date that the parties may agree from time to time;
  - (m) **“Permitted Encumbrances”** means those Permitted Encumbrances listed in Schedule 1.1(o) as well as other Encumbrances that are agreed to by the Purchaser in writing;



- (n) **“Person”** includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
- (o) **“Priority Payables”** means all amounts owing by the Vendor up to the Closing in respect of employee wages, vacation pay and source deductions;
- (p) **“Real Property Lease”** means the lease between the Vendor and 2478616 Ontario Inc. dated August 27, 2017 respecting 400 Michener Road, Unit 1, Guelph, Ontario;
- (q) **“Tax”** or **“Taxes”** means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers’ compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party;
- (r) **“Time of Closing”** means 2:00 p.m. (Toronto time) on the Closing Date; and
- (s) **“Transferred Employees”** means those employees who accept the Purchaser’s offer of employment pursuant to Section 5.1.

**1.2 Number and Gender.** In this Agreement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter.

**1.3 Date for Any Action.** If the date on which any action is required to be taken hereunder by a party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

**1.4 Currency.** Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

**1.5 Sections and Headings.** The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or Schedule refers to the specified Article, Section or Schedule of or to this Agreement.

**1.6 Certain Phrases, etc.** In this Agreement (i) the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”, and (ii) the phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

**1.7 Schedules.** The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

## **ARTICLE 2 PURCHASE AND SALE**

**2.1 Purchased Assets.** Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser, to the extent assignable, and the Purchaser agrees to purchase from the Vendor, to the extent assignable, on the Closing Date, effective as of the Time of Closing, all the undertakings, property and assets of the Vendor, of whatever nature or kind, that relate to or are used in connection with the operation of the Business as at the Time of Closing (other than the Excluded Assets) wheresoever situated (collectively, the “Purchased Assets”) free and clear of all Encumbrances (other than Permitted Encumbrances) including, without limitation, the following, to the extent assignable:

- (a) all furniture and equipment of the Vendor, whether owned or leased by the Vendor with the exception of:
  - (i) the BDC Equipment; and
  - (ii) the equipment listed in Schedule 2.1(a);
- (b) all inventory owned by the Vendor;
- (c) all accounts receivable of the Vendor;
- (d) all Intellectual Property owned or used by the Vendors;
- (e) all leasehold improvements and the leasehold interests of the Vendor in and to the Real Property Lease and the full benefit of the Real Property Lease;
- (f) the benefit of the Vendor’s interest in all equipment leases, contracts, agreements and understandings (other than the Real Property Lease) listed in Schedule 2.1(f) (the “Assumed Contracts”);

- (g) subject to Section 2.2(c) and compliance with Laws, all information in any form relating to, or used in connection with, the Business, including books of account, financial and accounting information and records, personnel records, sales and purchase records, customer and supplier lists, business reports, operating guides and manuals, plans and projections and all other documents, files, correspondence and other information;
- (h) the full benefit of all permits and other authorizations relating to the Business required from or by any Governmental Entity or other Person;
- (i) all rights, titles and interests in and to insurance policies held by the Vendor (with the exception of any life insurance policies including, without limitation, the life insurance policy set out in Section 2.2(g));
- (j) all prepaid expenses incurred by or attributable to the Vendor;
- (k) all warranty rights against manufacturers or suppliers;
- (l) all rights, titles and interests in any vehicles;
- (m) the goodwill of the Business, together with the exclusive right for the Purchaser to represent itself as carrying on the Business in succession to the Vendor and the right to use any words indicating that the Business is so carried on, together with the rights, if any, to telephone and facsimile numbers and website address used in connection with the Business;
- (n) all other property, assets and rights of the Vendor, both tangible and intangible, movable and immovable, including: (i) all insurance recoveries or rights to the same relating to damages to or loss of the Purchased Assets; (ii) all past, present and future claims or causes of action, choses in action, rights of recovery and rights of set-off or compensation to the extent relating to the Business, with the exception of the claim(s) set out in Section 2.2(h); and (iii) the full benefit of all representations, warranties, guarantees, indemnities, undertakings, certificates, covenants, agreements and the like and all security therefore received by the Vendor on the purchase or other acquisition of any part of the Purchased Assets or otherwise.

**2.2 Excluded Assets.** The Purchased Assets will not include the following undertakings, property and assets of the Vendor (collectively, the “Excluded Assets”):

- (a) all cash on hand, cash equivalents and bank deposits;
- (b) any and all amounts that may be due to the Vendor from Canada Revenue Agency (“CRA”) or any provincial tax authorities;
- (c) all contracts, agreements and understandings to which the Vendor is a party, other than the Real Property Lease and the Assumed Contracts (the “Excluded Contracts”);

- (d) any assets over which the Business Development Bank of Canada enjoys a first ranking charge and described in Schedule 2.2(d) (the “BDC Equipment”);
- (e) all of the equipment listed in Schedule 2.1(a), including the following:
  - (i) equipment for which Hewlett Packard Financial Services Canada Company enjoys a first ranking charge;
  - (ii) motor vehicles leased (or financed) by Stuart Budd & Sons Ltd. to the Vendor;
  - (iii) motor vehicle leased (or financed) by VW Credit Canada Inc. to the Vendor.
- (f) the corporate records, minute books, tax records and returns, and other records having to do with the corporate organization of the Vendor; all personnel records that the Vendor is required by applicable Law to retain in its possession; and all other files, data, information and materials of the Vendor not specifically related to or used in connection with the Business;
- (g) any life insurance policies (and the benefits thereunder) relating to Michael Bedrossian;
- (h) any claims that the Vendor may have against Michael Bedrosian, Bedrosian Holdings Inc., Fast Track Packaging Inc., Joanne Bedrosian, Justin Bedrosian, Ryan Bedrosian and Linsey Bedrosian; and
- (i) any assets that the Purchaser notifies the Vendor, at any time prior to Closing, that the Purchaser wishes to exclude from the Purchased Assets (which exclusion, for greater certainty, shall not result in an adjustment to the Purchase Price).

**2.3 Assumed Liabilities.** Subject to the terms and conditions of this Agreement, the Purchaser agrees that it will assume, discharge, perform, pay and fulfill all of the obligations and liabilities relating to the following (collectively, the “Assumed Liabilities”), whether arising prior to or after Closing, including:

- (a) all obligations and liabilities under the Assumed Contracts and the Real Property Lease, subject to Section 2.5;
- (b) all liabilities and obligations in respect of the employees pursuant to Article 5;
- (c) all Priority Payables; and
- (d) any Transfer Taxes payable by the Purchaser pursuant to Section 4.2 in respect of the Purchased Assets.

**2.4 Excluded Liabilities.** Other than the Assumed Liabilities and except as provided in this Agreement, the Purchaser shall not assume and shall have no obligation to discharge any liability or obligation of the Vendor or in connection with the Purchased Assets, whether known or unknown, direct, indirect, absolute, contingent, or otherwise arising out of facts,

circumstances or events, in existence on or prior to the Time of Closing. Without limiting the generality of the foregoing, the Purchaser shall not assume and shall have no obligation in respect of (i) any of the Excluded Assets or (ii) liabilities of the Vendor for Taxes other than Transfer Taxes payable by the Purchaser pursuant to Section 4.2.

## **2.5 Contracts.**

- (a) Nothing in this Agreement shall be construed as an attempt to assign any Real Property Lease or Assumed Contract which is not assignable in whole or in part without the consent or approval of the other party or parties thereto, unless such consent or approval has been given or a relevant Assignment Order made.
- (b) The Purchaser shall use reasonable commercial efforts to obtain the consents pertaining to the assignment of the Real Property Lease and Assumed Contracts. For greater certainty, the Vendor is under no obligation to pay any money, incur any obligations, commence any legal proceedings (other than as set forth below with respect to Assignment Orders), or offer or grant any accommodation (financial or otherwise) to any third party in order to obtain any consents. Without limiting the generality of the foregoing, the Vendor will co-operate with the Purchaser in obtaining the consents, approvals and waivers including providing information of the Vendor as is reasonably requested by a third party in order to grant its consent.
- (c) In the event that the consents relating to any Real Property Lease or Assumed Contracts are not obtained on or before July 31, 2018, the Vendor shall immediately thereafter use commercially reasonable efforts to obtain an order or orders ("Assignment Orders") of the Court satisfactory to the Vendor and the Purchaser assigning such Real Property Lease and Assumed Contracts to the Purchaser.

## **ARTICLE 3 PURCHASE PRICE**

### **3.1 Deposit.**

- (a) The Vendor acknowledges receipt from the Purchaser of a deposit in the amount of \$310,000, paid to the Vendor's solicitors in trust.
- (b) The deposit will be applied on Closing in satisfaction of an equivalent amount of the Purchase Price. If the Closing does not occur for any reason other than a breach by the Purchaser of its representations, warranties or covenants under this Agreement, the full amount of the deposit shall be immediately returned to the Purchaser.
- (c) If the Closing does not occur because the Purchaser breached any of its representations, warranties or covenants under this Agreement, the full amount of the deposit shall become the property of, and may be retained by, the Vendor as liquidated damages (and not as a penalty) to compensate it for the expenses incurred and opportunities foregone as a result of the failure of the transaction to close. In such event, the Vendor may exercise any other rights or remedies that it may have against the Purchaser in respect of any default by the Purchaser.

**3.2 Purchase Price.** The aggregate consideration (the "Purchase Price") payable by the Purchaser to the Vendor in respect of the Purchased Assets is:

- (a) \$3,100,000; plus
- (b) an amount equal to the Priority Payables; less
- (c) the Adjustment Amount, if any.

**3.3 Payment of Purchase Price.** The Purchase Price shall be satisfied by the Purchaser on the Closing Date:

- (a) as to the amount of the deposit under Section 3.1(a), by application of such amounts;
- (b) as to the dollar value of the Assumed Liabilities, by the Purchaser assuming such Assumed Liabilities; and
- (c) as to the balance, by the Purchaser paying to or to the order of the Vendor such amount by wire transfer of immediately available funds.

**3.4 Allocation of Purchase Price.** The Vendor and the Purchaser shall report the sale and purchase of the Purchased Assets for all federal, provincial and local Tax purposes in a manner consistent with an allocation of the Purchase Price among the Purchased Assets to be determined at the discretion of the Purchaser, acting reasonably, and as set out in Schedule 3.4.

#### **ARTICLE 4 TAX MATTERS**

**4.1 ETA Election.** The Purchaser and the Vendor shall, on each of the Closing Date, elect jointly under subsection 167(1) of the *Excise Tax Act* (Canada) (the "ETA") and under any similar provision of any applicable provincial legislation, in the form prescribed for the purposes of each such provision, in respect of the sale and transfer of the Purchased Assets and the Purchaser shall file such elections with CRA and any other applicable provincial tax authorities within the time and in the manner required by the applicable Law.

**4.2 Transfer Taxes.** Subject to any available exemptions as contemplated by Sections 4.1, the Purchaser shall be liable for and shall pay all federal and provincial sales taxes (including any Goods and Services Tax and retail sales taxes) and all other similar taxes and duties, fees or other like charges of any jurisdiction ("Transfer Taxes") properly payable in connection solely and directly with the transfer of the Purchased Assets by the Vendor to the Purchaser. For purpose of clarity, in no event shall the Purchaser be liable for any other Taxes, including any income, corporation or Goods and Services Tax and retail sales Taxes to be remitted by the Vendor to any Governmental Entity in the ordinary course of its Business.

**4.3 Indemnity for Transfer Taxes.** The Purchaser shall indemnify and hold the Vendor (and its shareholders, directors, officers and employees) harmless from and against any taxes payable under the ETA or any applicable provincial legislation and in any case any penalty

or interest in respect thereof which may be payable by or assessed against the Vendor as a result of or in connection with the Vendor's failure to collect the applicable taxes payable under the ETA or applicable provincial legislation on the sale of the Purchased Assets, including any Transfer Taxes and any taxes arising as a result of any failure or refusal by the responsible tax authority to accept any election or on the basis that such election was inapplicable, invalid or not properly made.

## ARTICLE 5 EMPLOYEE MATTERS

**5.1 Offer to Employees.** Subject to Closing, the Purchaser agrees to offer employment to all of the employees of the Business listed in Schedule 5.1 as "Transferred Employees" (with the exception of those employees listed in Schedule 5.1 as "Non-Transferred Employees") in accordance with this Section 5.1. Such offer will be effective as of the Closing Date and will be on terms no less favourable in the aggregate to those existing as of the Closing Date. In such offer, the Purchaser shall recognize the service of the employees of the Business for all purposes.

**5.2 Employee Liability.** Without limiting the Purchaser's obligations in respect of the Transferred Employees and the Purchaser's obligations in respect of the payment of the Priority Payables, the Purchaser shall be responsible for:

- (a) All liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to the Transferred Employees, for the period starting on and after the Closing Date;
- (b) All severance payments, damages for wrongful dismissal and all related costs in respect of the termination by the Purchaser of the employment of any Transferred Employee; and
- (c) All employment-related claims, penalties and assessments in respect of the Business arising out of matters which occur subsequent to the Time of Closing.

## ARTICLE 6 REPRESENTATIONS AND WARRANTIES

**6.1 Vendor's Representations and Warranties.** The Vendor represents and warrants as follows to the Purchaser at the date of this Agreement and at the Closing Date and acknowledges and confirms that the Purchaser is relying upon such representations and warranties in connection with the purchase of the Purchased Assets and the assumption of the Assumed Liabilities:

- (a) **Incorporation and Qualification.** The Vendor is a corporation incorporated and existing under the laws of Ontario and has the corporate power to enter into and perform its obligations under this Agreement;
- (b) **Authorization.** The execution and delivery of and performance by the Vendor of this Agreement and the consummation of the transactions contemplated by it have been authorized by all necessary corporate action on the part of the Vendor;

- (c) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding agreement of the Vendor, enforceable against it in accordance with its terms subject only to (A) as of the date hereof, any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction and (B) as of the Closing Date, the issuance of the Approval and Vesting Order;
- (d) **Residence.** The Vendor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada); and
- (e) **Registration.** The Vendor is a registrant within the meaning of Part IX of the ETA and its registration number is 829049634 RT0001.

**6.2 Purchaser's Representations and Warranties.** The Purchaser represents and warrants as follows to the Vendor at the date of this Agreement and at the Closing Date and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with the sale by the Vendor of the Purchased Assets:

- (a) **Incorporation and Qualification.** The Purchaser is a corporation existing under the laws of Canada and has the corporate power to enter into and perform its obligations under this Agreement;
- (b) **Corporate Authority.** The execution and delivery of and performance by the Purchaser of this Agreement and the consummation of the transactions contemplated by it have been authorized by all necessary corporate action on the part of the Purchaser;
- (c) **No Violation or Breach.** The execution and delivery of and performance by the Purchaser of this Agreement:
  - (i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a breach or violation of, or a conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its constating documents or by-laws;
  - (ii) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a breach or violation of, or a conflict with, or allow any other Person to exercise any rights under, any agreements, contracts or instruments to which the Purchaser is a party; and
  - (iii) do not and will not result in the violation of any applicable Law;



- (d) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction;
- (e) **Registration.** The Purchaser is a registrant within the meaning of Part IX of the ETA and its registration number is 889008918RC0001; and
- (f) **Brokers and Finders.** There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Purchaser.

## ARTICLE 7 COVENANTS

**7.1 Actions to Satisfy Closing Conditions.** The Vendor and the Purchaser agree to take all such actions as are within their control and shall use their commercially reasonable efforts to take, or cause to be taken, all other actions and make all such other filings and submissions, and obtain such authorizations, which are necessary or advisable in order to fulfil their obligations under this Agreement, including all actions to obtain the Approval and Vesting Order, it being understood that all matters dealing with consents to the assignment of the Real Property Lease and Assumed Contracts are dealt with in Section 2.5. For purpose of clarity, the Purchaser shall not be responsible for any fees, costs and expenses related to the Application and the actions required to obtain the Approval and Vesting Order.

**7.2 Access.** Subject to applicable Laws and Section 7.4, as of the date hereof and until the Closing Date, the Vendor shall (i) upon reasonable notice, permit the Purchaser and its employees, agents, counsel, accountants or other representatives, to have reasonable access during normal business hours to (A) the Purchased Assets, including all books and records whether retained by the Vendor or otherwise, (B) all contracts and leases to which the Vendor is a party, and (C) the senior personnel of the Vendor, so long as the access does not unduly interfere with the ordinary conduct of the Business; and (ii) furnish to the Purchaser or its employees, agents, counsel, accountants or other such representatives such financial and operating data and other information with respect to the Purchased Assets as the Purchaser from time to time reasonably requests.

**7.3 Access to Books and Records.** For a period of 6 years from the Closing Date or for such longer period as may be required by Law, the Purchaser will retain all original books and records relating to the Purchased Assets that are transferred to the Purchaser under this Agreement. So long as any such books and records are retained by the Purchaser pursuant to this Agreement, the Vendor, any receiver or bankruptcy trustee appointed in respect of Vendor and their respective representatives shall have the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business

hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser. The Purchaser has the right to have its representatives present during any such inspection.

**7.4 Customer Due Diligence.** Prior to serving materials in connection with the hearing of the application for the obtaining of the Approval and Vesting Order (the "Application"), the Purchaser shall be entitled to contact the Vendor's customers solely for the purpose of assessing the transaction (the "Customer Due Diligence"). During the Customer Due Diligence, all contact by the Purchaser with the Vendor's customer will be with the specific consent and involvement of the Vendor and will include a representative of the Vendor present during all conversations with the Vendor's customers.

**7.5 Business Funding.** The Purchaser agrees to provide funding in a cumulative amount up to \$200,000 to assist in the continued operations of the Business. Such funding will be provided from time to time as mutually agreed upon by Mr. Stephen Bouchard (Purchaser's CEO) and Frank V. Tannura (Vendor's Chairman).

## ARTICLE 8 CONDITIONS OF CLOSING

**8.1 Conditions for the Benefit of both Parties.** The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date:

- (a) **No Court Orders.** No provision of any applicable Law and no judgment, injunction, order or decree that prohibits the consummation of the purchase of the Purchased Assets pursuant to this Agreement shall be in effect;
- (b) **Approval and Vesting Order.** The Approval and Vesting Order shall have been issued and entered and not be the object of any appeal or motion seeking permission to appeal and the operation and effect of such order shall not have been stayed, amended, modified, reversed or dismissed at the Closing Date;
- (c) **Closing Documents.** All documents or copies thereof required to be delivered will have been so delivered; and
- (d) **Consents re: Contracts.** The counterparties to the Real Property Lease shall have consented to its assignment to the Purchaser in accordance with the terms thereof or Assignment Orders in respect thereof shall have been obtained.

**8.2 Conditions for the Benefit of the Purchaser.** The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date (unless otherwise expressly specified below), which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) **Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement shall be true and correct as of the Closing Date in all

material respects, with the same force and effect as if such representations and warranties had been made on and as of such date;

- (b) **Covenants.** The Vendor shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date;
- (c) **Customer Due Diligence.** The Purchaser shall have been satisfied with the results of the Customer Due Diligence Investigation, in its sole discretion, before the hearing of the Application;
- (d) **Interim Period.** During the period from the date of this Agreement to the Closing Date, the Business shall have been operated in the ordinary course and HSBC Bank Canada and Royal Bank of Canada shall have maintained in force unchanged their credit facilities in favor of the Vendor;
- (e) **Material Adverse Change.** During the period from April 24<sup>th</sup> 2018 to the Closing Date, the Business shall not have experienced a material adverse change; and
- (f) **Business Arrangement.** The Purchaser shall have entered into a transaction with Safety Seal Plastics, LLC with respect to an equity investment by the Purchaser in Safety Seal Plastics, LLC on terms satisfactory to the Purchaser and Safety Seal Plastics, LLC.

In respect of Section 8.2(d) and 8.2(e), the parties acknowledge and agree that:

- (g) the Business shall be deemed to have been operated in the ordinary course notwithstanding the appointment of the Receiver and the obtaining of the Approval and Vesting Order; and
- (h) none of the following shall constitute a “material adverse change”:
  - (i) the appointment of the Receiver and the obtaining of the Approval and Vesting Order;
  - (ii) a change of payment terms between the Vendor and its suppliers; and
  - (iii) any of the employees resign or are terminated with the exception of: Olivier Dordigne and William Roberts; and
  - (iv) any of the customers cease to do business with the Vendor with the exception of the customers listed in Schedule 8.2(h)(iv).

In respect of Section 8.2(c) and (f), the parties acknowledge and that the Court materials relating to obtaining the Receivership Order shall not be served unless and until these conditions have been satisfied or waived by the Purchaser, in writing.

**8.3 Conditions for the Benefit of the Vendor.** The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date, which are for the exclusive benefit of the Vendor and which may be waived, in whole or in part, by the Vendor in its sole discretion:

- (a) **Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement shall be true and correct as of the Closing Date in all material respects, with the same force and effect as if such representations and warranties had been made on and as of such date;
- (b) **Covenants.** The Purchaser shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date; and
- (c) **HSBC Release.** HSBC Bank Canada shall have provided a release to Frank V. Tannura in respect of any and all guarantees provided by Frank V. Tannura to HSBC Bank Canada.

## **ARTICLE 9 CLOSING**

**9.1 General.** The completion of the transactions of purchase, sale and assumption contemplated by this Agreement (the "Closing") shall take place at the offices of Chaitons LLP on the Closing Date, at the Time of Closing, or at such other place as may be agreed upon in writing by the parties.

## **ARTICLE 10 AS IS, WHERE IS**

**10.1 No other representation and warranty.** The representations and warranties given by the Vendor in Article 6 are the sole and exclusive representations and warranties of the Vendor in connection with this Agreement and the transactions contemplated by it. Except for the representations and warranties given by the Vendor in Article 6, the Purchaser did not rely upon any statements, representations, promises, warranties, conditions or guarantees whatsoever, whether express or implied (by operation of law or otherwise), oral or written, legal, equitable, conventional, collateral or otherwise, regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith.

**10.2 "AS IS, WHERE IS".** The Purchaser acknowledges and agrees that it is purchasing the Purchased Assets on an "as is, where is" basis and on the basis that the Purchaser has conducted to its satisfaction an independent inspection, investigation and verification of the Purchased Assets (including a review of title), Assumed Liabilities and all other relevant matters and has determined to proceed with the transaction contemplated herein and will accept the same at the Time of Closing in their then current state, condition, location, and amounts.

No representation, warranty or condition whether statutory (including under the Sale of Goods Act (Ontario), the *International Sale of Goods Contracts Convention Act* (Canada) and

the *International Sale of Goods Act (Ontario)* or any international equivalent act which may be applicable to the subject matter pursuant to the provisions of this Agreement, including but not limited to the *United Nations Convention on Contracts for the International Sale of Goods*), or expressed or implied, oral or written, legal, equitable, conventional, collateral, arising by custom or usage of trade, or otherwise is or will be given including as to title, outstanding liens or encumbrances, description, fitness for purpose, merchantability, merchantable quality, quantity, condition (including physical and environmental condition), quality, suitability, durability, assignability, or marketability thereof or any other matter or thing whatsoever, and all of the same are expressly excluded and disclaimed and any rights pursuant to such statutes have been waived by the Purchaser. The Purchaser acknowledges and agrees that it has relied entirely and solely on its own investigations as to the matters set out above and in determining to purchase the Purchased Assets and assume the Assumed Liabilities pursuant to this Agreement.

The description of the Purchased Assets and Assumed Liabilities contained herein is for the purpose of identification only and the inclusion of any item in such description does not confirm the existence of any such items or that any such item is owned by the Vendor. No representation, warranty or condition has been given by the Vendor concerning the completeness or accuracy of such descriptions and the Purchaser acknowledges and agrees that any other representation, warranty, statements of any kind or nature, express or implied, (including any relating to the future or historical financial condition, results of operations, prospects, assets or Liabilities of the Vendor or the quality, quantity or condition of the Purchased Assets) are specifically disclaimed by the Vendor.

Any documents, materials and information provided by or on behalf of the Vendor to the Purchaser with respect to the Purchased Assets or Assumed Liabilities (including any confidential information memorandums, management presentations, or material made available in the electronic data room) have been provided to the Purchaser solely to assist the Purchaser in undertaking its own due diligence, and the Vendor has not made and is not making any representations or warranties, implied or otherwise, to or for the benefit of the Purchaser as to the accuracy and completeness of any such documents, materials or information or the achievability of any valuations, estimates or projections. The Purchaser acknowledges that it has not and will not rely upon any such documents, materials or information in any manner, whether as a substitute for or supplementary to its own due diligence, searches, inspections and evaluations. The Vendor and its directors, officers, employees, agents and advisors shall not be liable for any inaccuracy, incompleteness or subsequent changes to any such documents, materials or information.

## ARTICLE 11 RISK OF LOSS

**11.1 General.** If, prior to the Closing all or any material part of the Purchased Assets are destroyed or damaged by fire or any other casualty or are appropriated, expropriated or seized by any Governmental Entity, the Purchaser shall have the option, exercisable by notice in writing given within four Business Days of the Purchaser receiving notice in writing from the Vendor of such destruction, damage, expropriation or seizure:

- (a) to reduce the Purchase Price by an amount equal to the cost of repair, or, if destroyed or damaged beyond repair, by an amount equal to the book value of the assets forming part of the Purchased Assets so damaged or destroyed and to complete the purchase, provided that all proceeds of insurance are paid to the Vendor immediately upon receipt;
- (b) to complete the transaction contemplated in this Agreement without reduction of the Purchase Price, in which event all proceeds of any insurance or compensation for expropriation or seizure will be payable to the Purchaser and all right and claim of the Vendor to any such amounts not paid by the Closing Date will be assigned to the Purchaser; or
- (c) to terminate this Agreement and not complete the transactions contemplated by this Agreement, in which case all obligations of the parties will terminate immediately upon the Purchaser giving notice as required herein.

## ARTICLE 12 TERMINATION

**12.1 Termination of Agreement.** This Agreement may, by notice in writing given prior to or on the Closing Date be terminated:

- (a) by mutual consent of the Vendor and the Purchaser;
- (b) by the Purchaser if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Vendor set forth in this Agreement shall have occurred that would cause any of the conditions set forth in Sections 8.1 and 8.2 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date, as reasonably determined by the Purchaser; or
- (c) by the Vendor if: a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser set forth in this Agreement shall have occurred that would cause any of the conditions set forth in Sections 8.1 and 8.3 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date, as reasonably determined by the Vendor; or
- (d) by either party if the Closing or has not occurred by the end of the day on the Outside Date, provided that a party may not terminate this Agreement under this Section 12.1(d) if the failure to perform any one or more of its obligations or covenants under this Agreement to be performed, or the breach of any of its representations and warranties under this Agreement, has been the cause of, or resulted in, the Closing not occurring by the Outside Date.

**12.2 Effect of Termination.** In the event that the Agreement is terminated in accordance with Section 12.1, then the deposit mentioned in Section 3.1 shall be immediately remitted in accordance with Section 3.1 and each of the parties shall be entitled to all rights and remedies available at law or in equity for any breach of this Agreement.

**ARTICLE 13  
MISCELLANEOUS**

**13.1 Notices.** Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a "Notice") must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

(i) to the Vendor at:

Safety Seal Plastics Inc.  
c/o Chromium Industries, LLC  
4645 W. Chicago Ave.  
Chicago, IL 60641 USA

Attention: Frank Tannura  
Email: [ftannura@gmail.com](mailto:ftannura@gmail.com)

with copies to:

Chaitons LLP  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, Ontario  
M2N 7E9

Attention: Harvey Chaiton  
Telephone: 416-218-1129  
Facsimile:

- and -

Zumpano Patricios Winker & Bresnahan  
829 N Milwaukee Ave  
Chicago, IL 60642

Attention: Art Bresnahan  
Fax: 312-268-7179

(ii) to the Purchaser at:

Labelinc Products Inc.  
9201 Claveau Street  
Anjou, Québec  
H1J 2C8

Attention: Stephen Bouchard  
Telephone: 514-328-1887  
Facsimile: 514-328-1980

with a copy to:

Morency, Société d'avocats, LLP  
500 Place d'Armes, 25<sup>th</sup> Floor  
Montreal, Québec  
H2Y 2W2

Attention: Antoine Tremblay  
Telephone: 514-845-3533  
Facsimile: 514-845-9522

A Notice is deemed to be given and received (i) if sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, or (ii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile. A party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a party.

**13.2 Name Change.** Upon discharge of the Receiver, the Vendor will change the name of Safety Seal Plastics Inc. to one that does not use, alone or in combination with any other words, the words "Safety Seal". Notwithstanding the foregoing, all rights in the name, trademarks and goodwill associated with "Safety Seal" will be transferred to the Purchaser on Closing and the Vendor will enjoy a limited license to use the name "Safety Seal Plastics Inc." solely for the purpose of undertaking matters relating to the receivership.

**13.3 Survival of Representations and Warranties.** The representations and warranties contained in this Agreement shall not survive the Closing.

**13.4 Time of the Essence.** Time is of the essence in this Agreement.

**13.5 Enurement.** This Agreement becomes effective when executed by the Vendor and the Purchaser. After that time, it will be binding upon and enure to the benefit of the parties and their respective successors, legal representatives and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement, including any right to payment, may be assigned or transferred, in whole or in part, by the Vendor without the prior written consent of the Purchaser. This Agreement and any of the rights or obligations under this Agreement, including any right to payment, may be assigned or transferred, in whole or in part, by the Purchaser in favor of a wholly owned subsidiary, without the prior written



consent of the Vendor and upon such permitted assignment, the Purchaser shall be fully released of its obligations under this Agreement. Notwithstanding the foregoing, the granting of the Receivership Order shall not relieve the Purchaser of its liabilities and obligations under this Agreement.

**13.6 Entire Agreement.** This Agreement and the other documents executed in connection herewith constitutes the entire agreement between the parties with respect to the transactions contemplated in this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such transactions. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

**13.7 Waiver.** No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the party to be bound by the waiver. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right it may have.

**13.8 Amendments.** This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendor and the Purchaser.

**13.9 Further Assurances.** From and after the Closing Date, each of the parties covenants and agrees to do such things, to attend such meetings and to execute such further conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively transfer the Purchased Assets and the Assumed Liabilities to the Purchaser and carry out the terms and conditions of this Agreement in accordance with their true intent.

**13.10 Severability.** If any provision of this Agreement is determined to be illegal, invalid or unenforceable, by any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

**13.11 Governing Law.** This Agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**13.12 Counterparts.** This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

**[signature page follows]**

**IN WITNESS WHEREOF**, the parties have executed this Asset Purchase Agreement as of the date first written above.

**SAFETY SEAL PLASTICS INC.**

By:   
Name: Masroor Masood  
Title: President

**LABELINK PRODUCTS INC.**

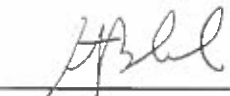
By: \_\_\_\_\_  
Name: Stéphen Bouchard  
Title: President

IN WITNESS WHEREOF, the parties have executed this Asset Purchase Agreement as of the date first written above.

**SAFETY SEAL PLASTICS INC.**

By: \_\_\_\_\_  
Name:  
Title:

**LABELINK PRODUCTS INC.**

By:  \_\_\_\_\_  
Name: Stéphen Bouchard  
Title: President

**ACKNOWLEDGEMENT OF PROPOSED RECEIVER**

The undersigned, Deloitte Restructuring Inc., being the proposed Receiver to be appointed by the Court on application of HSBC Bank Canada as secured creditor of the Vendor, hereby acknowledges having been provided with a signed copy of this Agreement and agrees, should it be so appointed by the Court as the Receiver and expressly subject to the powers and authority set out in the Receivership Order and its statutory, professional and common law duties, to take steps to complete the transaction contemplated by this Agreement, subject to an Approval and Vesting Order being granted by the Court. In providing this Acknowledgement, Deloitte Restructuring Inc. is doing so solely in its capacity as proposed court-appointed Receiver and not in its personal, corporate or any other capacity. Deloitte Restructuring Inc., whether ultimately appointed by the Court as Receiver or not, accepts no liability to the Purchaser or Vendor should the intended transaction which is the subject of this Agreement not be completed for any reason.

**DELOITTE RESTRUCTURING INC.**



By: \_\_\_\_\_

Paul M. Casey, CPA, CA, FCIRP, LIT  
Senior Vice President

**Schedule 1.1(o)**  
**PERMITTED ENCUMBRANCES**

None

**Schedule 2.1(a)**  
**EXCLUDED ASSETS**

- See BDC Equipment listed in Schedule 2.2(d)
- 2017 Jaguar F-Type - SAJXJ6K84HMK41115
- 2013 Audi Q5 Base - WA1C8CFP7DA090625
- 2016 Ford F-150 - 1FTEW1EG6GFC23022
- Toyota 2011 7FBCU25 Forklift s/n 61020
- 2012 CROWN / RR5715-35
- all of the Equipment listed in the lease between Hewlett Packard Financial Services Canada Company the Vendor accepted by the Vendor on July 6, 2017

**Schedule 2.1(f)**  
**ASSUMED CONTRACTS**

**None**



**Schedule 2.2(d)**  
**BDC EQUIPMENT**

- 1999 Comco 8 Colour 22",Serial No. 98-1223
- 1999 Comco 8 Colour 22" B,Serial No. 98-1225
- 2012 Karville K4 Seaming Machine Seam-350D-UHS 11-6654 C-211225 RTC-500-600,Serial Nos.12025M and 12026M
- KOR Engineering FW Series FW5560, Serial No. 3107
- KOR Engineering FW Series PAC 28 SH, Serial No. 2033
- Sanyo tamper-evident band P14-25-30 (custom)
- Custom built tamper-evident pre-former, Serial No. 3455
- J.M. Heaford Mounter 600 Cobra XLS TT, Serial No. 90131
- Sanyo Film Tubing Machine HSW-300

**Schedule 3.4**  
**ALLOCATION OF PURCHASE PRICE**

The Purchase Price shall be allocated among the Purchased Assets as follows

1. to accounts receivable, the face value thereof at Closing;
2. to inventory, the value thereof at Closing;
3. to prepaid expenses, the face value thereof at Closing;
4. to goodwill, \$1; and
5. to equipment, the difference between the Purchase Price and the sum of the amounts in 1, 2, 3 and 4 above.

**Schedule 5.1**  
**TRANSFERRED AND NON-TRANSFERRED EMPLOYEES**

**Non-Transferred Employees**

FIRST NAME	LAST NAME
Masroor	Masood
Steven R.	Taylor
Choi (leslie)	Yisul
Paul	Larsen
Sandra	Lusk
Deborah	Hammond
Jordan K.	McMillan
Eugene	Covich
William W	Swayze
Kent	Paula
Sime	Linda

**Transferred Employees**

John C.	Keates
Glenn	Cardinal
Haymanot T.	Lemma
Wesley F	Buchanan
Juston	McFifin
Josh	Singh
Giovanni	Fazi
Chloe	Hones
Joshua	Myers
John C.	Heart
Gordon	Ardell
Reid	Masney
James	Gee
Steve J.	Ferrell
Michael	Linton
Said Muchatak	Mirzada
Shimeles A.	Gemechu
Jaril	Blok
Andrew L.	Panneton
Jordan K.	McMillan
Stacey	Adams
Shawn	LA
Robin R.	Devuono

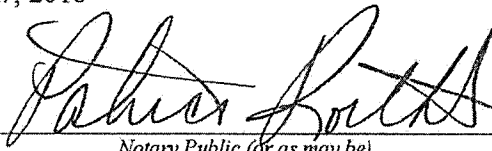
Donna	Paetty
Leonard	Rarung
Shawn	Lehman
Celine	Gantioqui
Christine	Curwen
Olivier F.	Dordigne
Bill	Roberts
Paul	Elliott

**Schedule 8.2(h)(iv)  
CRITICAL CUSTOMERS**

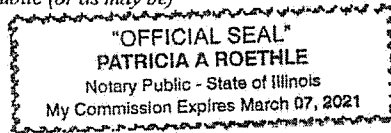
Milk Specialties Global Ripple Foods, PBC Verst Group Logistics Inc. Hormel Foods Corporation Nutrablend Foods Ya Ya Foods Corporation Trillium Health Care Mfg. Inc. International Vitamin Corporation lovate Health Sciences International Inc. Phoenix Packaging Operations LLC Nellson Nutraceutical, LLC Scruples Holdings, LLC Robinson Pharma Inc.

# EXHIBIT “V”

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



*Notary Public (or as may be)*



**EXHIBIT**

"V"



**Graphic Arts Appraisal**

**Inspected Appraisal Report Of  
Certain Assets located at**

**SAFETY SEAL PLASTICS INC.  
400 Michener Road, Unit 1  
Guelph, ON N1K 1E4**

Prepared by: Nick Howard, C.E.A.  
Report Date: June 13, 2018  
Effective Date: June 13, 2018

Prepared for: Mr. Frank Tannura  
Safety Seal Plastics Inc.

Intended Use: Asset-based Financing

Intended Users: Mr. Frank Tannura  
Safety Seal Plastics Inc.

Valuation: Orderly and Forced  
Liquidation Values

**Celebrating 50<sup>th</sup> year of Service to  
the Printing & Graphic Arts Industry  
1967-2017**



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June 13, 2018

Mr. Frank Tannura  
Safety Seal Plastics Inc.  
400 Michener Road, Unit 1  
Guelph, ON N1K 1E4

Dear Mr. Tannura,

Ref.: Inspected Appraisal for Safety Seal Plastics Inc.  
400 Michener Road, Unit 1, Guelph, ON N1K 1E4

Pursuant to your request, I, as an AMEA Certified Appraiser of Howard Graphic Equipment Ltd., have prepared an Appraisal Report of the certain assets located at Safety Seal Plastics Inc., 400 Michener Road, Unit 1, Guelph, ON, N1K 1E4, a copy of which is enclosed.

On June 11, 2018, I personally viewed the machinery and equipment. Following my inspection, I did an investigation into the market conditions for this type of equipment in order to prepare this impartial Appraisal Report. A thorough analysis of the machine and review of the information made available to me was done. Orderly and Forced Liquidation Values as defined below are:

**Orderly Liquidation Value (OLV)**

A professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis "as is" with purchasers responsible for the removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and or monetary appeal necessary to gain the price indicated. (Source AMEA)

**Forced Liquidation Value (FLV)**

A professional opinion of the estimated most probable price expressed in terms of currency which could typically be realized at a properly advertised and conducted public auction sale, held under forced sale conditions and under present day economic trends, as of the effective date of the appraisal report. Conclusions taken into consideration are physical location, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance and psychological appeal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the price indicated. (Source AMEA)

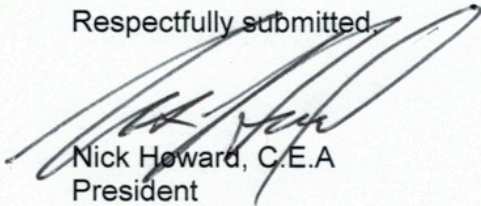
The Scope of Work developed and completed is detailed in the relevant section of this report.

After a thorough analysis of the machinery and equipment and review of the information made available to me, it is my opinion that as of the Effective Date, June 13, 2018, the machinery have the Orderly and Forced Liquidation Values shown on the certificate that I prepared on June 13, 2018. It should be noted that my opinion should not be interpreted as a guarantee of value.

This report is intended for use only by Safety Seal Plastics Inc., and is intended only to enable intended users to make asset-based financing decisions. The use of this report by others not intended by the appraiser, nor is the report intended for any other use is prohibited.

Furthermore, I certify that I do not have any present or future interest in the appraised property. The fees charged for this appraisal were not contingent on the values reported or were any undisclosed fees, commissions or other compensation received.

Respectfully submitted,



Nick Howard, C.E.A  
President



June 8, 2018

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

Attention: Mr. Frank Tannura

Dear Mr. Tannura

Ref.: Inspected Appraisal for Safety Seal Plastics Inc.  
400 Michener Road, Unit 1, Guelph, ON N1K 1E4

With reference to certain assets located at Safety Seal Plastics Inc., I am, as an AMEA Certified Equipment Appraiser (C.E.A.), prepared to appraise the said assets for a fee of \$4,500.00 + applicable taxes.

I will use the following values:

**Orderly Liquidation Value (OLV)**

A professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis "as is" with purchasers responsible for the removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and or monetary appeal necessary to gain the price indicated. (Source AMEA)

**Forced Liquidation Value (FLV)**

A professional opinion of the estimated most probable price expressed in terms of currency which could typically be realized at a properly advertised and conducted public auction sale, held under forced sale conditions and under present day economic trends, as of the effective date of the appraisal report. Conclusions taken into consideration are physical location, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance and psychological appeal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the price indicated. (Source AMEA)



800 Westgate Road, Oakville, On L6L 5N2  
Tel. (905) 821-0000

E-mail: [info@howardgraphic.com](mailto:info@howardgraphic.com)  
Website: [www.howardgraphic.com](http://www.howardgraphic.com)

I will personally view the machinery and equipment on an agreed upon date. Following my inspection of the equipment, I will conduct an investigation into the market conditions for this type of equipment in order to prepare an Appraisal Report. You will be provided with a pdf copy of the report within one week after my investigation.

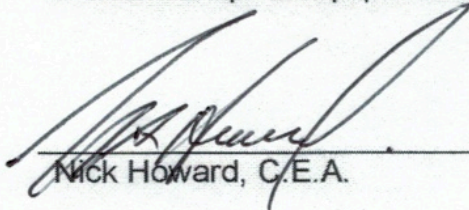
The report is intended for use only by Safety Seal Plastics Inc., and is intended only for use in Asset-based Financing. Use of this report by others is not intended by the appraiser, nor is the report intended for any other use unless express written consent is further granted.

My reports are prepared in conformity with the Association of Machinery and Equipment of Appraiser Standards and Procedures of Professional Appraisal Ethics and Practice and the Uniform Standards of Professional Appraisal Practice (USPAP).

If this agreement meets with your approval, please sign at the bottom of this page and return by email to [info@howardgraphic.com](mailto:info@howardgraphic.com).

Respectfully,

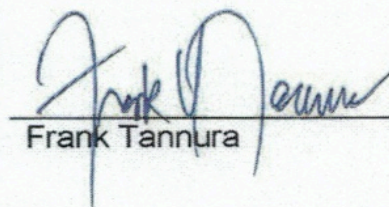
Howard Graphic Equipment Ltd.



Nick Howard, C.E.A.

A handwritten signature in blue ink, appearing to read "Nick Howard", is written over a horizontal line. Below the line, the name "Nick Howard, C.E.A." is printed in a black sans-serif font.

Safety Seal Plastics Inc.



Frank Tannura

A handwritten signature in blue ink, appearing to read "Frank Tannura", is written over a horizontal line. Below the line, the name "Frank Tannura" is printed in a black sans-serif font.

# Certificate Of Value

HOWARD GRAPHIC EQUIPMENT LTD.  
800 Westgate Road, Oakville, ON L6L 5N2

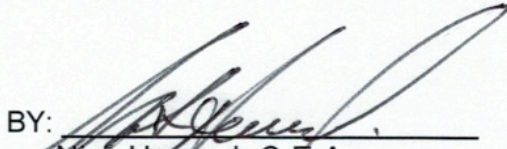
DOES CERTIFY  
THAT THIS IS OUR OPINION OF CASH OR CASH EQUIVALENT VALUE  
IN CANADIAN DOLLARS AS OF THE EFFECTIVE DATE AS GIVEN IN  
THIS CERTIFICATE REGARDING THE MACHINE APPRAISED.

Prepared for:

**Mr. Frank Tannura**  
**Safety Seal Plastics Inc.**  
400 Michener Road, Unit 1, Guelph, ON N1K 1E4

Description	O.L.V	F.L.V.
PRINTING AREA	\$ 810,000.00	\$ 651,000.00
FINISHING AREA	\$ 525,000.00	\$ 407,500.00
PLANT & OFFICE	\$ 34,000.00	\$ 28,000.00
<b>TOTAL:</b>	<b>\$ 1,369,000.00</b>	<b>\$ 1,086,500.00</b>

Effective Date: June 13, 2018  
Prepared Date: June 13, 2018


BY:   
Nick Howard, C.E.A.



## CERTIFICATION OF APPRAISAL

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is the writer's personal, unbiased professional analysis, opinions, and conclusions. Values rendered are the opinion of the appraiser and are not a guarantee of value.
3. I have no bias with respect to the property or parties that are the subject of this report or to any other parties involved with or related to supply of machinery and equipment the subject of this assignment.
4. I have no present or prospective interest in purchasing the assets that are the subject of this report at this time. I have not appraised the equipment being appraised here in the past three (3) years.
5. My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
6. The analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of the Appraisal Foundation and Standards and Procedures of Professional Appraisal Ethics and Practice as defined by the Association of Machinery and Equipment Appraisers.
7. The writer has personally viewed the machinery that is the subject of this report.
8. No one person provided significant professional assistance to the person signing this report unless so stated.
9. No pertinent information was withheld or overlooked, and I, the undersigned, further certify that I have not been influenced in any way during the preparation of this appraisal report by any parties having a financial or other interest in this report.



Nick Howard, C.E.A.

Effective Date: June 13, 2018  
Prepared Date: June 13, 2018



## DEFINITION OF VALUES – Source AMEA

### **Orderly Liquidation Value (OLV)**

A professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis “as is” with purchasers responsible for the removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and or monetary appeal necessary to gain the price indicated. (Source AMEA)

### **Forced Liquidation Value (FLV)**

A professional opinion of the estimated most probable price expressed in terms of currency which could typically be realized at a properly advertised and conducted public auction sale, held under forced sale conditions and under present day economic trends, as of the effective date of the appraisal report. Conclusions taken into consideration are physical location, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance and psychological appeal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis ‘as is’ with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the price indicated. (Source AMEA)

**Condition (COND.):** E - EXCELLENT; VG - VERY GOOD; G - GOOD; F - FAIR; P – POOR



## APPROACHES TO VALUE

### **MARKET (SALES COMPARISON) APPROACH**

One of the three recognized approaches used in appraisal analysis, this approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the "Comparison Sales Approach". The primary intent of the market approach is to determine the desirability of the assets and recent sales or offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. If the comparable sales are not exactly similar to the asset being appraised, adjustments must be made to bring them as closely in line as possible with the subject property.

### **COST APPROACH**

One of the three recognized approaches used in appraisal analysis, this approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

### **INCOME APPROACH**

One of the three recognized approaches used in appraisal analysis, this approach considers value in relation to the present worth of future benefits derived from ownership and is usually measured through the capitalization of a specific level of income. This approach is the least common approach used in the valuation of machinery and equipment since it is difficult to isolate income attributable to such assets.

### **DEPRECIATION**

Defined as the actual loss in value or worth of a property from all causes including those resulting from physical deterioration, functional obsolescence, and economic obsolescence.

#### **PHYSICAL DETERIORATION**

A form of depreciation where the loss in value or usefulness of an asset is attributable solely to physical causes such as wear and tear and exposure to the elements.

#### **FUNCTIONAL OBSOLESCENCE**

A form of depreciation where the loss in value is due to factors inherent in the property itself and due to changes in design, or process resulting in inadequacy, over capacity, excess construction, lack of functional utility, or excess operating costs.

#### **ECONOMIC OBSOLESCENCE**

A form of depreciation or loss in value, caused by unfavorable external conditions. These can include such things as the economics of the industry, availability of financing, loss of material and labour sources, passage of new legislation, and changes in ordinances.

## SCOPE OF WORK

Type of Assignment: Appraisal Report.

Intended Users: Safety Seal Plastics Inc.

Intended Use: To value the machinery and equipment described in the Scope of Work to enable the intended users to make asset-based financing decisions.

Scope of Work: Provide an inspected Summary appraisal report of certain machinery and equipment located at:

**Safety Seal Plastics Inc.**  
**400 Michener Road, Unit 1**  
**Guelph, ON N1K 1E4**

From the information provided, I researched the relevant markets and using the Market (Sales Comparison) Approach, provided an opinion of Orderly and Forced Liquidation Values.

### **Orderly Liquidation Value (OLV)**

A professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis "as is" with purchasers responsible for the removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and or monetary appeal necessary to gain the price indicated. (Source AMEA)

### **Forced Liquidation Value (FLV)**

A professional opinion of the estimated most probable price expressed in terms of currency which could typically be realized at a properly advertised and conducted public auction sale, held under forced sale conditions and under present day economic trends, as of the effective date of the appraisal report. Conclusions taken into consideration are physical location, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance and psychological appeal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the price indicated. (Source AMEA)

## SCOPE OF WORK (cont'd.)

The type and extent of research utilized in developing this opinion of value may include, but is not limited to, the collection of data from the following sources: equipment dealers involved with comparable equipment, new equipment manufacturers, auctioneers, liquidators, equipment brokers, industry and in-house data bases, journals and industry publications.

The analysis included application of the appraiser's experience in the purchase, sale and appraisal of capital goods as applied to the information developed during the research phase in order to arrive at valuation conclusions. The appraiser used the Market (Sales Comparison) Approach in the majority of the appraisal.

I have provided an Appraisal Report prepared in compliance with the Association of Machinery and Equipment Appraisers (AMEA) standards and the Uniform Standards of Professional Appraisal Practice (USPAP).

No investigation was made of the legal fee or title to the appraised property. The report will consider the all of the items enumerated to be free and clear unless otherwise noted.

## **STATEMENT OF EXTRAORDINARY ASSUMPTIONS OR LIMITING CONDITIONS**

Limiting Conditions: No extraordinary limiting conditions were required in this analysis. The General Assumptions & Limiting Conditions and the Specific Assumptions and Limiting Conditions are detailed in the relevant section of this report.



## **STATEMENT OF GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

All facts and data set forth in this inspected appraisal report are based upon an estimate of value only, not a guarantee of value; true and accurate to the best of the appraiser's knowledge and belief.

The appraiser has made a personal inspection of the properties appraised.

The appraiser has no present or prospective interest in the properties that are the subject of this report, and has no personal interest or bias with respect to the parties at this time.

The fee for this appraisal report is not contingent upon the values reported.

No investigation has been made into the title to the property and all items listed are assumed to be the property of the subject company. No consideration has been given to liens or encumbrances, which may be against the property other than those discussed in this report.

Information provided by others has been assumed to be correct for the purposes of this report and no responsibility is taken for the accuracy of it.

The appraiser is not required to give testimony, be present in any court of law, or appear before any commission or board by reason of this appraisal, unless prior arrangements have been made.

Consideration for possible environmental hazards from any source goes beyond the scope of this appraisal.

This appraisal has been made in accordance with accepted appraisal practices and in accordance with the Association of Machinery and Equipment Appraisers Standards and Procedures of Professional Appraisal Ethics and Practice as well as the Uniform Standards of Professional Appraisal Practice (USPAP) and reflects the best judgment of the appraiser.

Since conclusions of the appraiser are based on judgments, isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate.

The appraiser reserves the right to recall all copies of this report to correct any errors or omissions.

It is assumed that there are no hidden or unapparent conditions of the equipment that would render it more or less valuable.

Other limitations or assumptions, if any, are clearly defined and individually set out at that point relating to the subject.

## **STATEMENT OF SPECIFIC ASSUMPTIONS & LIMITING CONDITIONS**

The following assumptions and limiting conditions are specific to this appraisal report.

### **Valuation Considerations**

1) The machinery and equipment that is the subject of this report are generically classified as Printing Machinery equipment. The machinery and equipment is largely similar to that type of equipment that would be found in similar facilities.

In course of the analysis, the appraiser has considered any alternate applications of the machinery and equipment and based the opinion of value on the highest and best use.

2) The values rendered are expressed in Canadian Dollars. These values are deemed to be in cash or cash equivalent.

3) The appraiser used the Market (Sales Comparison) Approach in the majority of the analysis.

### **Market Conditions**

The current market remains neutral to strong. Re-investment on new capital machinery is still very weak causing the used or pre-owned market to remain relatively buoyant. Demand or interest used machines is good and dependent on a willing buyer chances of a quick sale are strong.

# APPRAISAL

Prepared for:

**Mr. Frank Tannura**  
**Safety Seal Plastics Inc.**  
**400 Michener Road, Unit 1, Guelph, ON N1K 1E4**

<b>PRINTING AREA</b>	<b>O.L.V.</b>	<b>F.L.V.</b>	<b>Cond.</b>
<p><b>MARK ANDY Performance Series, Model P7 Flexo Anilox Web</b>            Inclusive of 10 printing units, 17" web width, 13,759 hours, Martin butt splicer unwind, Martin turret 2-roll re-winder, GEW ultraviolet curing system (10 lamp), HA drying, Corotec corona treater, cold foil, slitting aggregate, web aligner, waste rewinder, BST registration closed loop inspection system 2 ink pumps, supply of anilox rolls( +/- 50), plate cylinders (+/-300)  <b>Serial No.:</b> 1480153.  <b>Age:</b> 2013</p>	<b>\$ 385,000.00</b>	<b>\$ 315,000.00</b>	<b>VG</b>
<p><b>EDALE Model SIGMA 650 Flexo Anilox Web</b>            Inclusive of 8 printing units, 650 mm web width, Unwind and rewind, TekNek web cleaner, Pillar Corona treater, IST ultraviolet curing system (8 lamp), HA drying, Telstar cold foil unit, slitting aggregate, waste collection, web aligner, video inspection system, ink pumps (8), anilox rolls (+/-80), plate cylinders (+/- 700)  <b>Serial No.:</b> 78483  <b>Age:</b> 2007</p>	<b>\$ 155,000.00</b>	<b>\$ 120,000.00</b>	<b>G</b>

PRINTING AREA – cont.	O.L.V.	F.L.V.	Cond.
<p><b>AGFA INKJET Hybrid Web, Model DOTRIX MODULAR</b> Inclusive of SPICE Inkjet heads (4), two conventional anilox printing units, with another in storage, unwind and rewind, HTB sheeter (in storage) – with DFE in-line variable cut sheeting unit, Meech web cleaner, web aligner, Vetaphone corona treater, Rittal cabinet chiller for inkjet, compressed air aggregate, Parker nitrogen generator (appears to be operational by not connected), Water chiller, Dominick Hunter, NORDSON ultraviolet drying (4 lamp), Note: per manager 3 Ink jet units are not functioning and machine not in service  <b>Serial No.:</b> N/A.  <b>Age:</b> 2006</p>	\$ 30,000.00	\$ 20,000.00	P
<p><b>AQUAFLEX Model LC803 Flexo Anilox Web</b> Inclusive of 4 printing units, 8” web width, web aligner, HA drying, unwind and rewind, not in production  <b>Serial No.:</b> SSFP0843-89  <b>Age:</b> 1989</p>	\$ 3,500.00	\$ 2,000.00	P
<p><b>COMCO Model Commander PRO-GLIDE Flexo Anilox Web</b> Inclusive of 8 printing units, 22” web width, reversible print station (unit 1), HA drying, UV Technology ultraviolet dryer (unit 8 only), Martin unwind with Martin turret re-winder, Pillar corona treater, ink pumps, lamination station, bindery unit (in storage), BST HandyScan register control, web aligners, anilox rolls (+/-42), plate cylinders (+/-200), AEG water chilling system. Not in operation.  <b>Serial No.:</b> 98-1223  <b>Age:</b> 1999</p>	\$ 95,000.00	\$ 85,000.00	F



# HOWARD

GRAPHIC EQUIPMENT

PRINTING AREA – cont.	O.L.V.	F.L.V.	Cond.
<b>COMCO Model Commander PRO-GLIDE Flexo Anilox Web</b> Inclusive of 8 printing units, 22" web width, HA drying, UVT ultra violet drying (8 lamp), unwind and rewind, units, AEG water chilling system, Corotec corona treater, ink pumps (+/- 20), lamination unit, web aligners, slitting aggregate, bindery unit (in storage), anilox roll (+/-42), plate cylinders (+/-200), BST Super handy-Scan register system <b>Serial No.:</b> 98-1225 <b>Age:</b> 1999	\$ 125,000.00	\$ 100,000.00	VG
<b>PRESSROOM MISCELLANEOUS</b> Inclusive of 1999 J.M Heaford, plate mounter, 2015 J.M Heaford plate mounter, 2016 FlexoWash anilox roll and pan cleaner, model FW, Blackstone-Ney ultrasonic anilox roll cleaner-(Safety Clean), Small recirculating parts washer	\$ 16,500.00	\$ 9,000.00	G/F
<b>PRINTING AREA – TOTAL:</b>	<b>\$ 810,000.00</b>	<b>\$ 651,000.00</b>	
FINISHING AREA	O.L.V.	F.L.V.	Cond.
<b>KARLVILLE Model Inspect 300FB-HS (I2) Inspection Machine</b> inclusive of perforating, web aligner, strobe, not in operation <b>Serial No.:</b> 0618M <b>Age:</b> 2006	\$ 13,000.00	\$ 9,000.00	F
<b>KARLVILLE Model ISP-J300R(I1) Inspection Machine</b> inclusive of strobe, perforating, web aligner <b>Serial No.:</b> 7053M <b>Age:</b> 2007	\$ 10,000.00	\$ 8,000.00	F

FINISHING AREA – Cont.	O.L.V.	F.L.V.	Cond.
<b>KARLVILLE Model Inspect 300FB(I1)-Junior Inspection Machine</b> inclusive of web aligner, strobe <b>Serial No.:</b> 8142M <b>Age:</b> 2008	\$ 10,000.00	\$ 8,000.00	F
<b>BARRY-WEHMILLER Model DM-16 (Doctor Machine) Inspection Machine</b> Currently not in production <b>Serial No.:</b> 6698 <b>Age:</b> 2010	\$ 10,000.00	\$ 8,000.00	F
<b>KARLVILLE Model SEAM-300D (K2) Shrink Film Sleeve Seaming Machine</b> Inclusive of auto lay, perforating, BST inspection with camera, web aligner, currently in storage <b>Serial No.:</b> 4067M <b>Age:</b> 2004	\$ 26,000.00	\$ 19,000.00	P
<b>KARLVILLE Model SEAM-350D-UHS-SERVO (K3) Shrink Film Sleeve Seaming Machine</b> Inclusive of single unwind, auto lay, perforating, web aligner, inspection with camera, dual station, extra wide <b>Serial No.:</b> 8156M <b>Age:</b> 2008	\$ 35,000.00	\$ 28,000.00	VG
<b>KARLVILLE Model SEAM-350D-UHS-SERVO (K4) Shrink Film Sleeve Seaming Machine</b> Inclusive of single unwind, auto lay, perforating, web aligner, inspection with camera, turret rewinder, dual station, extra wide <b>Serial No.:</b> 12025M <b>Age:</b> 2012	\$ 46,000.00	\$ 32,000.00	VG

FINISHING AREA – Cont.	O.L.V.	F.L.V.	Cond.
<b>KARLVILLE Model CUT-300 Automatic Servo Controlled Cutting Machine</b> Sheeting unit with unwind and controls <b>Serial No.:</b> 8217M <b>Age:</b> 2009	\$ 15,000.00	\$ 11,000.00	VG
<b>KARLVILLE Model CUT-300 Automatic Servo Controlled Cutting Machine</b> Sheeting unit with unwind and controls <b>Serial No.:</b> 8195M <b>Age:</b> 2009	\$ 15,000.00	\$ 11,000.00	VG
<b>PRO DOING INDUSTRIAL Model BJC-400-PS Shrink Sleeve Cutting Machine</b> Sheeting unit with unwind and controls <b>Serial No.:</b> 04-119 <b>Age:</b> 2005	\$ 5,000.00	\$ 3,000.00	F
<b>KOR ENGINEERING Model PAC28SH Inspection Slitter/Rewinder</b> Inspection camera, currently in storage <b>Serial No.:</b> 2033 <b>Age:</b> 2003	\$ 2,000.00	\$ 1,000.00	P
<b>KOR ENGINEERING Model FW5560 Inspection Slitter/Rewinder</b> Inspection camera <b>Serial No.:</b> 3107 <b>Age:</b> 2007	\$ 10,000.00	\$ 8,000.00	VG

# HOWARD

GRAPHIC EQUIPMENT

<b>FINISHING AREA – Cont.</b>	<b>O.L.V.</b>	<b>F.L.V.</b>	<b>Cond.</b>
<b>SOYO MACHINERY Model P14-25-30 Tamper Evident Film Cutting Machine</b> Not in production, no nameplate, not hooked up <b>Serial No.:</b> N/A <b>Age:</b> N/A	<b>\$ 3,000.00</b>	<b>\$ 1,500.00</b>	<b>P</b>
<b>SUN CENTRE USA Model LME-SF800 Solvent-Less Film Laminating Machine</b> Complete with dual adhesive mixing and pumping tanks, unwind and rewind station, web width ca. 30” <b>Serial No.:</b> 1701M <b>Age:</b> 2017	<b>\$ 150,000.00</b>	<b>\$ 120,000.00</b>	<b>E</b>
<b>SUN CENTRE MACHINERY CO. LTD. Model SCSP-600-BZ Pouch Making Machine</b> unwind , ZIP lock feeder, for re-sealable bags, forming, heat sealing and perf/cutting <b>Serial No.:</b> 217015 <b>Age:</b> 2017	<b>\$ 175,000.00</b>	<b>\$ 140,000.00</b>	<b>E</b>
<b>FINISHING AREA – TOTAL:</b>	<b>\$ 525,000.00</b>	<b>\$ 407,500.00</b>	
<b>PLANT &amp; OFFICE</b>	<b>O.L.V.</b>	<b>F.L.V.</b>	<b>Cond.</b>
Inclusive of support equipment, rolling stock, racking, Compressors, (2 x CompAir), marshalled equipment at storage location (exclusive of items included above), office furnishings, computer equipment (without software)	<b>\$ 34,000.00</b>	<b>\$ 28,000.00</b>	<b>F</b>
<b>PLANT &amp; OFFICE – TOTAL:</b>	<b>\$ 34,000.00</b>	<b>\$ 28,000.00</b>	

## QUALIFICATIONS

### **Experience:**

Mr. Nick Howard and Howard Graphic Equipment Ltd have been involved in the appraising of Graphic Arts equipment since 1976. As President of Howard Graphic Equipment Ltd, Mr. Howard has been called upon to provide specialist appraisals for over 200 companies, institutions and investors. Mr. Nick Howard has been instrumental in most buying and selling decisions which places his opinion of values in demand. Mr. Howard is a Certified Equipment Appraiser (C.E.A.) through the Association of Machinery and Equipment Appraisers (**AMEA**).

### **Education:**

As a Graphic Arts Technician by trade and with 42 years of experience, Mr. Nick Howard has provided technical and consultancy expertise to the Graphic Arts community. Howard Graphic Equipment, in business since 1967, provides complete overhauling and installation of namely sheet-fed presses, finishing and paper box equipment to over 74 countries around the globe. Projects also include the complete revitalization and upgrading of equipment damaged by fire, water, and industrial accidents.

### **Memberships:**

Howard Graphic Equipment Ltd. is a member of;

AMEA (Association of Machinery and Equipment Appraisers)

PIA/GATF (Printing Industries of America- Graphic Arts Technical Foundation)

MDNA (Machinery Dealers National Association)

CPIA (Canadian Printing Industries Association)

ELFA (Equipment Leasing and Finance Association)

## NOTATIONS

On June 11, 2018, I, Nick Howard, attended to an on-site inspection of the manufacturing assets of the Safety Seal Plastics Inc. I was met and accompanied through the plant by Mr. Eugene Covich, VP-Operations.

The plant is well lid and reasonably organized. Machinery is installed properly and reasonably laid out. Most machinery is in fair to very good condition, and exhibited sign of reasonable maintenance.

The quality is of industry standards. The shrink sleeve industry is a growing one and features rudimentary simplified equipment in the process.

Plant equipment currently assembled meets the needs of an operation that could run around the clock. Cleanliness is important for some outside clients (food and drug) - the plant is within these guidelines.

Equipment and parts currently at the secondary storage facility are almost impossible to quantify due to restrictions of access. Therefore, minimal allowances have been made on these except where noted in the appraisal.

Furthermore, several assets were added to the appraisal, and one machine (2003 Pro Doing BJC-3000-PS) was deleted as it was not found.

Nick Howard, C.E.A.

**HSBC BANK CANADA**

Applicant

**SAFETY SEAL PLASTICS INC.**

Respondent

Court File No.: CV-18-00602325-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Toronto

**AFFIDAVIT OF FRANK TANNURA**  
**(SWORN JULY 27, 2018)**

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Barristers and Solicitors  
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Lawyers for the Applicant

# TAB 3



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

**BETWEEN:**

**HSBC BANK CANADA**

Applicant

- and -

**SAFETY SEAL PLASTICS INC.**

Respondent

**REPORT OF DELOITTE RESTRUCTURING INC.  
IN ITS CAPACITY AS PROPOSED RECEIVER OF  
SAFETY SEAL PLASTICS INC.  
DATED JULY 27, 2018**

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**APPENDIX**

- APPENDIX “A”: SAFETY SEAL PLASTICS INC. CORPORATE OWNERSHIP CHART  
APPENDIX “B”: WAIVER OF CONDITIONS BY PURCHASER

## INTRODUCTION AND PURPOSE OF REPORT

1. Deloitte Restructuring Inc. (“**Deloitte**”) understands that an application will be made before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) by HSBC Bank Canada, (the “**HSBC**”) for an order (the “**Receivership Order**”) appointing Deloitte as receiver to exercise the powers and duties set out in the Receivership Order, pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended (the “**Receiver**”), without security, of all the assets, properties and undertakings (the “**Property**”) of Safety Seal Plastics Inc. (“**Safety Seal**” or the “**Company**”).
2. Deloitte was previously retained by HSBC to act as its financial consultant to review the current operations and financial position of the Debtor. Deloitte also worked with HSBC and their legal advisors, Thornton Grout Finnigan LLP (“**TGF**”), with regard to the proposed Labelink transaction, as discussed below.
3. Deloitte is a licensed insolvency trustee within the meaning of section 2 of the BIA and has consented to act as Receiver in these proceedings in the event that this Court grants the relief sought by HSBC. Deloitte has prepared this report as proposed Court-appointed Receiver of Safety Seal (“**Proposed Receiver**”).
4. This report has been prepared by Deloitte as Proposed Receiver to provide background to the Court for the pending receivership application and the extraordinary relief being sought as part of the application. This Report will cover:

- (a) The Company's current financial position (including assets, liabilities and security interests), causes of financial difficulty and the Company's immediate cash requirements;
- (b) A description of the Company's efforts to sell the assets and undertakings of the Company on an *en bloc* going concern basis;
- (c) A description of the proposed transaction (the "**Labelink Transaction**") between the Company and Labelink Products Inc. ("**Labelink**" or the "**Purchaser**"); and
- (d) The Proposed Receiver's evaluation of the Labelink Transaction as compared to the liquidation value of the Company's assets, and recommendation.

#### **TERMS OF REFERENCE**

5. In preparing this Report, Deloitte has been provided with, and has relied upon unaudited, draft and/or internal financial information, the Debtor's books and records, discussions with management of the Debtor, and information from third-party sources (collectively, the "**Information**"). Except as described in this Report:

- (a) Deloitte has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, Deloitte has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no

opinion or other form of assurance contemplated under CAS in respect of the Information; and

- (b) Deloitte has prepared this Report in its capacity as Proposed Receiver to provide background to the Court and recommendation for the Court's approval of the Labelink Transaction and the other relief being sought. Parties using the Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.
6. Unless otherwise stated, all dollar amounts contained in the Report are expressed in Canadian dollars.
7. The Report has been prepared with reference to the Affidavit of Frank V. Tannura ("**Tannura**") sworn July 27, 2018 (the "**Tannura Affidavit**") in this matter.

#### **OWNERSHIP AND OPERATIONS**

8. Safety Seal is private company engaged in the printing and cutting of plastic sleeves and labels. Safety Seal was founded in 1989 by Grant MacLean ("**Maclean**") primarily to manufacture tamper evident shrink sleeve bands for the pharma markets. Michael Bedrosian ("**Bedrosian**") joined the business in 2010 as President and simultaneously entered into a contract to acquire 100% of the common shares of Safety Seal from MacLean and related parties. In June 2015, Packaging Growth Investors, LLC ("**PGI**"), a U.S. entity controlled by Tannura and James Reilly, acquired a 70% interest in the Company for \$2.0 million. PGI further contributed \$1.0 million by way of secured subordinated note, which

was used to satisfy outstanding obligations owed to Maclean and for working capital purposes.

9. Deloitte is advised that PGI subsequently provided \$1.5 million of capital in September 2015 to fund the acquisition of shrink sleeve assets from Jones Packaging Inc., plus a further \$400,000 in March 2016 to fund short-term working capital needs. PGI has made further cash injections into the Company as discussed below.
10. Safety Seal's current corporate ownership chart as provided to Deloitte by the Company is attached hereto as Appendix "A".
11. From 2010 to February 2018, the President of Safety Seal was Bedrosian. In February 2018, Bedrosian was terminated and Masroor Masood ("Masood") was appointed as President. Masood had joined the Company in 2017 as Controller. Upon the termination of Bedrosian, Tannura assumed a more active role in the management of the business.
12. Safety Seal's head office and operating facility is located at rented premises at 400 Michener Road in Guelph, Ontario. In addition, Safety Seal rents warehouse space at 392 Silvercreek Parkway North in Guelph, Ontario. The following chart highlights certain details for each location:

<u>Location</u>	<u>Square Feet</u>	<u>Purpose</u>	<u>Landlord</u>	<u>Yearly Rental Amount</u>
400 Michener Road, Guelph	25,885	Office, Plant	2478616 Ontario Inc.	\$ 155,310 (net)
392 Silvercreek Parkway North, Guelph	19,000	Warehouse	2098060 Ontario Limited	\$ 71,250 (net)

13. As of June 30, 2018, Safety Seal employed 42 full time workers. The Proposed Receiver understands that none of Safety Seal's employees are represented by a union and Safety Seal does not sponsor a pension plan for any of its employees.
14. Safety Seal manufactures packaging products for various industries including craft beer, food and beverage, pharmaceuticals, sports and nutrition, and wine and spirits.
15. Safety Seal's capabilities are categorized as follows:
  - (a) Digital Printing: Safety Seal is able to print unique information on each label.
  - (b) Shrink Sleeve Labels: Safety Seal manufactures shrink sleeve labels which are produced from film material that shrink to a product's surface when heated. This type of label allows the graphic to be printed around the entire circumference of the product's container.
  - (c) Speciality Finishes: Customer can choose from a variety of finishes for their shrink sleeve packaging, which includes glossy, matte, textured, holographic, hyperclear, and glitter finishing.

## **CURRENT FINANCIAL POSITION AND OPERATING RESULTS**

16. The table below sets out the summary (unaudited and audited) balance sheets for the Company as at the dates noted:

**Safety Seal Plastics Inc.  
Summary Balance Sheets**

	31-May-18 (Unaudited)	31-Mar-18 (Unaudited)	31-Mar-17 (Audited)	31-Mar-16 (Audited)
<b>Assets</b>				
Cash	\$ 3,119	\$ (1,979)	\$ -	\$ -
Accounts receivable, net	1,192,568	1,010,889	2,761,916	2,589,394
Inventory, net	1,456,861	1,658,240	3,180,361	3,019,893
Property, plant and equipment, net	7,127,807	7,254,301	6,502,950	5,559,226
Other assets, income tax recoverable	719,925	704,034	779,964	586,237
<b>Total Assets</b>	<b>\$ 10,500,281</b>	<b>\$ 10,625,486</b>	<b>\$ 13,225,191</b>	<b>\$ 11,754,750</b>
<b>Liabilities and Shareholders' Equity</b>				
Accounts payable and accrued liabilities	\$ 3,875,133	\$ 3,872,206	\$ 2,390,923	\$ 2,962,218
HSBC operating loan (secured)	2,423,007	2,312,029	1,756,072	2,627,720
HSBC capital loan (secured)	2,300,000	2,300,000	2,300,000	-
BDC equipment lease (secured)	1,140,699	1,140,699	1,312,500	1,500,000
RBC equipment lease (secured)	753,091	753,091	-	-
HSBC equipment lease (secured)	-	61,491	478,656	853,370
Due to PGI (secured)	3,625,000	3,250,000	3,000,000	1,900,000
Other lease obligations	48,923	51,236	109,525	53,207
Due to Jones Packaging Inc.	-	-	-	375,000
<b>Total Liabilities</b>	<b>14,165,853</b>	<b>13,740,752</b>	<b>11,347,676</b>	<b>10,271,515</b>
<b>Shareholders' Equity (Deficit)</b>				
Share capital	100	100	100	100
Retained earnings (deficit)	(3,665,673)	(3,115,366)	1,877,415	1,483,135
<b>Total Equity (Deficit)</b>	<b>(3,665,573)</b>	<b>(3,115,266)</b>	<b>1,877,515</b>	<b>1,483,235</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 10,500,281</b>	<b>\$ 10,625,486</b>	<b>\$ 13,225,191</b>	<b>\$ 11,754,750</b>

Due to the operating and unusual losses incurred in Fiscal 2018 and year-to-date in Fiscal 2019, there is a deficit of assets to liabilities, even if the PGI subordinated advances are considered as equity.

17. The following table sets out a summary of the Income Statements (unaudited and audited) for the Company for the periods noted:



**Safety Seal Plastics Inc.**  
**Summary Income Statements**

	Two months ended 31-May-18 (Unaudited)	Year ended 31-Mar-18 (Unaudited)	Year ended 31-Mar-17 (Audited)	Year ended 31-Mar-16 (Audited)
<b>Revenue</b>	\$ 1,649,186	\$ 10,934,283	\$ 15,221,953	\$ 9,865,472
<b>Cost of Sales</b>	<u>1,238,076</u>	<u>8,310,542</u>	<u>9,448,070</u>	<u>5,852,371</u>
<b>Gross Margin</b>	411,111	2,623,740	5,773,883	4,013,101
<i>% of sales</i>	25%	24%	38%	41%
<b>Overhead and Other Costs:</b>				
Office and management salaries	196,699	1,568,723	1,429,143	1,103,995
Selling, general and admin	123,781	1,857,490	1,593,324	2,200,810
Building costs	102,030	742,122	572,840	523,783
Repairs and maintenance	60,758	607,807	533,092	281,100
HP digital press	57,477	197,225	-	-
Depreciation	174,858	1,051,297	789,171	559,745
Interest, financing expense	202,795	525,850	462,033	216,059
Revenue and inventory write-offs	-	1,065,396	-	-
<b>Net income (loss) before taxes</b>	<u>\$ (507,288)</u>	<u>\$ (4,992,169)</u>	<u>\$ 394,280</u>	<u>\$ (872,391)</u>

Deloitte was advised by Masood and Tannura that the unusual write-offs for the year ended March 31, 2018 related to inventory write-downs and revenue adjustments.

**DETAILS OF SECURITY INTERESTS**

**Secured Creditors**

**HSBC Bank Canada**

- HSBC is the first registered secured creditor of the company. The HSBC credit facilities consist of: i) operating revolving loan facility up to \$3.5 million (the “**Operating Loan**”), subject to a borrowing base formula, for the purpose of financing of the day-to-day operating requirements of the Company; and, ii) demand non-revolving loan facility in the amount of \$2.3 million (“**Capital Loan**”) for the purpose of providing working capital by refinancing fixed assets owned by the Company (collectively, the “**HSBC Facilities**”).

19. As security for the HSBC Facilities, HSBC holds a general security agreement dated November 28, 2012 (the “**HSBC Security**”) securing the indebtedness and obligations of the Debtor to HSBC.
20. The HSBC Facilities are partially guaranteed by Bedrosian to a maximum of \$200,000, Bedrosian Holdings Limited to a maximum of \$125,000, and Tannura to a maximum of \$125,000, plus interest and charges.
21. As at July 27, 2018, Deloitte is advised that the outstanding indebtedness of the Company under the Operating Loan and Capital Loan was \$2.39 million and \$2.31 million respectively, excluding costs. Total indebtedness under the HSBC Facilities is \$4.69 million.

**Royal Bank of Canada (“RBC”)**

22. As noted in paragraphs 15 and 30 of the Tannura Affidavit, the Company and RBC entered into a Commitment to Lease Agreement dated January 27, 2017 for the purpose of leasing to the Company a lamination machine and a pouch making machine (the “**RBC Equipment**”). On May 23, 2018, RBC demanded that Safety Seal purchase RBC’S right, title and interest in the RBC Equipment for the sum of \$858,988. This demand remains outstanding.

**Business Development Bank of Canada (“BDC”)**

23. The Proposed Receiver understands that BDC advanced a \$1.5 million term loan to the Company pursuant to a Letter of Offer dated December 2, 2015 (the “**BDC Loan**”) to finance the purchase of certain equipment (the “**BDC Assets**”). BDC holds a first secured

charge over the BDC Assets. Safety Seal, HSBC and BDC are parties to a priority agreement whereby HSBC subordinated its rights in favour of BDC with respect to the BDC Assets.

24. As noted in paragraphs 28 and 29 of the Tannura Affidavit, the Company is in default of its loan agreements, as amended, with BDC. As at May 31, 2018, the Debtor's outstanding indebtedness to BDC was \$1.14 million, inclusive of interest and costs incurred to date.

**HP Lease Agreement**

25. As noted in paragraphs 16 to 18 and 31 to 33 of the Tannura Affidavit, the Company is a party to an Enterprise Business Lease Agreement dated July 12, 2017 in the amount of US\$1,613,491 the ("**HP Lease Agreement**"). Pursuant to the HP Lease Agreement, Safety Seal agreed to an 84-month lease, with an initial payment of US\$161,349 in the first month, and monthly lease payment for the remaining months of US\$19,496. Interest is chargeable at 18% per annum on any payment arrears.
26. Safety Seal is in default of the HP Lease Agreement and a subsequent accommodation agreement, and has not made payments since May 24, 2018.

**PGI Shareholder Loans**

27. Since its acquisition of 70% of the Company in June 2015, PGI has made advances totalling \$3.6 million pursuant to secured subordinated loans to Safety Seal. Most recently, in April and May 2018, PGI loaned \$375,000 to Safety Seal for working capital purposes.

**Other**

28. The Company has entered into lease agreements for specific assets with Ford Credit Canada, Stuart Budd & Sons Ltd., De Lage Landen Financial and VW Credit Canada.
29. The Proposed Receiver has sought the advice of TGF, counsel to the Applicant, for general legal matters that have arisen in respect of the Proposed Receivership to avoid additional legal expenses. Where the Proposed Receiver has required independent legal advice, the Proposed Receiver has retained Goldman, Sloan, Nash & Haber LLP (“GSNH”). GSNH is in the process of providing its opinion on the validity and enforceability of the registered security interests against the assets of the Company.

**Unsecured Trade Creditors**

30. The Proposed Receiver understands that as of May 31, 2018, Safety Seal had trade accounts payable owing of C\$1.59 million to 121 Canadian-based creditors, and US\$1.58 million to 40 US-based creditors.

**INDEPENDENT LEGAL OPINION ON SECURITY INTERESTS**

31. The Receiver has engaged counsel, GSNH to, among other things, provide an independent legal opinion on the security held by each of RBC and HSBC. At the time of writing, counsel has completed its security review and is completing the written version of such opinions, and subject to the qualifications, assumptions and examinations set forth therein will deliver positive opinions on the validity and enforceability of such security. These opinions will be delivered prior to the return of the proceedings contemplated.

## CAUSES OF FINANCIAL DIFFICULTY

32. The Tannura Affidavit refers to the Company's financial difficulties and its current liquidity crisis starting at paragraph 19.
33. In its capacity as financial consultant to HSBC, Deloitte believes that Safety Seal is unable to meet its obligations in the ordinary course of business without the continued financial support of an equity sponsor, and that the value of its assets is insufficient to settle all of the obligations of the business. The causes of the Company's financial difficulties include:
- (a) The Company is thinly capitalized and had taken on significant debt and lease obligations to fund the acquisitions of assets;
  - (b) Notwithstanding reported profitability for the year ended March 31, 2017, the Company has since taken material unusual expenses for an inventory write-downs and overstated revenues;
  - (c) For the fiscal year ended March 31, 2018, the Company achieved a gross margin of only \$2.6 million, or 25% of sales, which is significantly lower than its gross margin percentage for the preceding three fiscal periods;
  - (d) As noted in the Tannura Affidavit, it was discovered that the former President was involved in misrepresentation, misappropriation and self-dealing transactions;
  - (e) A key customer put certain of its merchandising plans on hold, resulting in a significant drop in sales for the Company. While orders from this customer have started to return in Fiscal 2019, the delay had a significant impact on results and cash flow;

- (f) In order to expand its capabilities and enter the pouch manufacturing and printing business, the Company entered into the arrangements with RBC for the RBC Equipment. While the equipment was delivered in the summer of 2017, it was not commissioned for use until May of 2018. Further, in order to service orders it had taken, the Company was forced to have pouches printed by a third party, resulting in poor contribution margin on these orders; and
  - (g) The existing shareholders of the Company are unwilling to continue to make equity injections into the Company to fund ongoing working capital needs. To fund working capital needs, the Purchaser is funding the operations up to \$200,000 as described below.
34. As a result of its poor financial performance, Safety Seal reported a loss of \$5.0 million (unaudited) for the year ended March 31, 2018 and has a deficit of assets to liabilities exceeding \$3.0 million (unaudited).
35. The Company's HSBC Operating Loan is governed by a margining formula that is based on, among other things, the aging of the Company's accounts receivable and the fair market value of its inventory. Deloitte, in its capacity as financial consultant to HSBC, reviewed the calculations of the margin value for December 2017 and determined that the Company was: i) incorrectly reporting the aging of its invoices resulting in a number of accounts receivable that were not eligible for margining; ii) margining against non-arm's length receivables, which was not permitted under the Operating Loan; iii) not deducting from the margin value credits it had issued to customers in the following month directly relating to the margined receivables; and iv) incorrectly calculating deductions from margin value for priority payables. The net impact of these issues was to reduce the borrowing availability

under the Operating Loan by approximately \$500,000 to \$1.6 million. However, at that time, the balance owing on the Operating Loan was \$2.7 million, putting the Company out of margin by \$1.1 million.

36. For the January 2018 margin value, after an inventory count and a review of its raw material inventory, the Company determined that the fair market value of raw material inventory was overstated by \$960,000, which further reduced margin availability by \$480,000. At this time, the amount outstanding on the Operating Loan was \$2.4 million, resulting in the Company calculating that it was out of margin by \$1.1 million.
37. As a result of the Company's significant over margin position and numerous other defaults under the HSBC Facilities, by letter dated February 15, 2018, HSBC demanded repayment from the Company of the entirety of its obligations under the HSBC Facilities (the "**HSBC Demand Letter**"). The HSBC Demand Letter and notice of intention to enforce its security under the Bankruptcy and Insolvency Act are attached to the Tannura Affidavit.
38. HSBC entered into a forbearance agreement with the Company dated March 14, 2018 (the "**HSBC Forbearance**") which capped the Operating Loan at \$2.5 million and provided for ongoing monitoring of the business while it sought to restructure its operations through some combination of equity injection/refinancing. The HSBC Forbearance was extended from time to time but most recently expired on June 15, 2018 without being extended.
39. The Company's May 31, 2018 reported margin certificate calculated an over margin position of \$680,000.

40. In June, 2018, Company management provided Deloitte with a cash flow forecast which showed that additional cash injections of \$286,000 were required in order to continue the operations of the business through the period to August 31, 2018. This forecast cash flow shortfall assumed the continued availability of \$2.5 million from HSBC's Operating Loan. Company management has also advised that many critical suppliers were no longer offering credit and were demanding paydowns and/or C.O.D terms for future purchases of goods and services.

#### **THE COMPANY'S SALE PROCESS**

41. Paragraphs 35 through 53 of the Tannura Affidavit describe the sale process undertaken by Safety Seal ownership during the period since March, 2018 which led to the execution of an asset purchase agreement with Labelink dated July 19, 2018 (the "APS"). This process involved significant dialogue with four strategic parties who executed non-disclosure agreements and conducted due diligence. As evidenced in the Tannura Affidavit, Mr. Tannura "has 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". From the Tannura Affidavit, three of these parties specifically advised that a receivership process would be required for any transaction.
42. The Proposed Receiver notes that Safety Seal did not have sufficient liquidity and time available to it to carry out a fulsome and broad-based sales process or to continue to carry on business without the financial accommodation to be provided by Labelink.



## THE PROPOSED LABELINK TRANSACTION

43. The Tannura Affidavit describes the process which led to the execution of a letter of intent with Labelink dated June 28, 2018 and subsequently the APS. Copies of these agreements are attached to the Tannura Affidavit.
44. Pursuant to the APS, Labelink will pay \$3.1 million for all of the assets and undertakings of Safety Seal excluding assets which have been pledged as security to BDC, HP and lessors with a valid security interest in their respective leased assets.
45. The APS requires the Court appointment of a Receiver to facilitate the conveyance of the Purchased Assets (as defined in the APS).
46. The APS provides for the Purchaser to purchase the Purchased Assets on an “as is, where is” and “without recourse” basis.
47. The Purchaser has agreed to assume 31 of the 42 employees on terms no less favourable than existed at the closing date and to recognize the past service of the employees to the Company for all purposes. The Purchaser has also agreed to pay any outstanding wages and source deductions due or owing at the time of closing of the Transaction to all of the employees, whether assumed or not.
48. One of the conditions in the APS in favour of the Purchaser is 2478616 Ontario Inc.’s consent with respect to the assignment of the 400 Michener Road Lease (the “Lease”) to the Purchaser, or an assignment of the Lease as otherwise authorized by applicable law. Deloitte is advised by Tannura that there have been positive discussions with 2478616

Ontario Inc. with respect to the assignment of the Lease. However, the assignment of the Lease remains a condition of closing.

49. The APS also contains conditions in favour of Labelink with respect to customer due diligence and a separate agreement for its investment in Safety Seal USA, an affiliate of PGI and Safety Seal. The Purchaser has waived these conditions (attached hereto as Appendix “B”).
50. The APS provides that the Purchaser will provide up to \$200,000 of funding to assist in the continued operations of the business, with such funding as mutually agreed between Labelink and Safety Seal. The Proposed Receiver understands that in early July, prior to the signing of the APS, Labelink advanced funding of \$135,000 to the Company. The Proposed Receiver notes that this funding was made by the Purchaser on an unsecured basis. Deloitte notes that this \$200,000 commitment from the Purchaser is less than the additional funding requirement of \$286,000 for the period to August 31, 2018 forecast by the Company.
51. The APS is subject to the Court issuing an Approval and Vesting Order that approves the APS and vests in and to Labelink, all of the Debtor’s right, title and interest in and to the Purchased Assets free and clear of all encumbrances (save for those encumbrances that the Purchaser agrees to assume) on and subject to the terms and conditions set out in the APS, in the form to be agreed to between the parties.

**PROPOSED RECEIVER'S EVALUATION OF THE LABELINK TRANSACTION AND RECOMMENDATION**

52. Safety Seal is no longer able to meet its liabilities in the ordinary course without immediate third party cash injections. Neither HSBC, nor Safety Seal's shareholders, are willing to make further advances or equity injections to the Company. Accordingly, in the absence of an immediate going concern sale and funding, Safety Seal will not be able to continue operating and would be forced into a receivership or liquidation proceeding.
53. The Proposed Receiver believes that Safety Seal's assets, if sold on a distressed going concern or liquidation basis will not be sufficient to retire the secured indebtedness owing to HSBC, BDC, RBC, HP, PGI and other lessors. Accordingly, the secured creditors will suffer significant shortfalls on their advances to the Company and there is no possibility of any recovery to the unsecured creditors of the Company if the assets of the Company were marketed and sold by a Court-appointed Receiver on an *en bloc* or piecemeal liquidation basis.
54. The Tannura Affidavit attaches an appraisal conducted by Howard Graphic Equipment dated June 13, 2018 which values the machinery and equipment of the Company at approximately \$1.4 million on an orderly liquidation value basis and approximately \$1.1 million on a forced liquidation value basis. The assets appraised included the machinery and equipment at both locations which are subject to the security of HSBC, RBC and BDC, but excludes the asset which is the subject of the HP Lease Agreement. Even if the book value of the accounts receivable and inventory of the Company is realized in full, the combined value of the assets on this basis total \$4.0 million to \$3.7 million, being \$6.3

million to \$6.6 million less than the total secured indebtedness owing by Safety Seal, excluding the liability associated with the HP Lease Agreement.

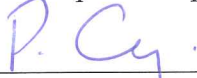
55. In its capacity as financial consultant to HSBC, Deloitte retained the services of Infinity Asset Solutions (“**Infinity**”) to provide its opinion of value of the machinery and equipment of Safety Seal on a forced liquidation value basis. The total value estimated by Infinity for the machinery and equipment of Safety Seal as of March 1, 2018 was approximately \$1.7 million. The assets appraised included the machinery and equipment at both locations which are subject to the security of HSBC, RBC and BDC, but excludes the asset which is the subject of the HP Lease Agreement. Even if the book value of the accounts receivable and inventory of the Company is realized in full, the combined value of Safety Seal’s assets on this basis will total \$4.3 million, being approximately \$6.0 million less than the total secured indebtedness owing by Safety Seal, excluding the liability associated with the HP Lease Agreement.
56. Safety Seal has been operating under severe financial constraints since at least February, 2018 with increasing pressure and C.O.D. terms with its suppliers. Accordingly, any Receiver would have an extremely limited period of time to market the business on a going concern basis and secure a cash purchaser. Such a process would require immediate negotiations with critical suppliers and key customers and would be further complicated by the multiple security interests against the assets of the Company. Accordingly, there is a real risk that the potentially enhanced return from a going concern sale would not be sufficient to recover the additional operating costs and professional fees required for a Court-appointed Receiver to undertake such a process.

57. As noted in paragraph 14 and 15 of this Report, Safety Seal has a unique offering of printed products. However, the printing industry as a whole is in a secular decline as digital products and services continue to replace print. Safety Seal is a relatively small supplier with 50% to 60% of its customer base located in the U.S. These factors also contribute to the uncertainty of securing a going concern purchaser for value in excess of the purchase price offered for the Purchased Assets in the Labelink Transaction.
58. While the Labelink Transaction will result in shortfalls to the secured lenders to the Company and no recovery to the unsecured creditors, it will permit the continued operation of the Company without interruption to ongoing customer, supplier, employee and landlord relationships.
59. The Proposed Receiver is advised that HSBC and RBC support the Labelink Transaction.
60. While all stakeholders would have preferred that a properly organized and broad-based divestiture process had been undertaken prior to accepting the conditional Labelink APS, the dire financial circumstances faced by Safety Seal did not permit such a process.
61. In these circumstances and for the reasons noted above, Deloitte in its capacity as Proposed Receiver supports the application for an order appointing a receiver of the assets, property and undertakings of Safety Seal, and approving the Labelink Transaction and authorizing and directing the Receiver to execute such documents and take such additional steps as are necessary to complete the Transaction. The Proposed Receiver's support for the Court's approval of the Labelink Transaction is predicated upon the satisfaction of the condition that the lease is assigned to the Purchaser.

All of which is respectfully submitted at Toronto, Ontario this 27th day of July, 2018.

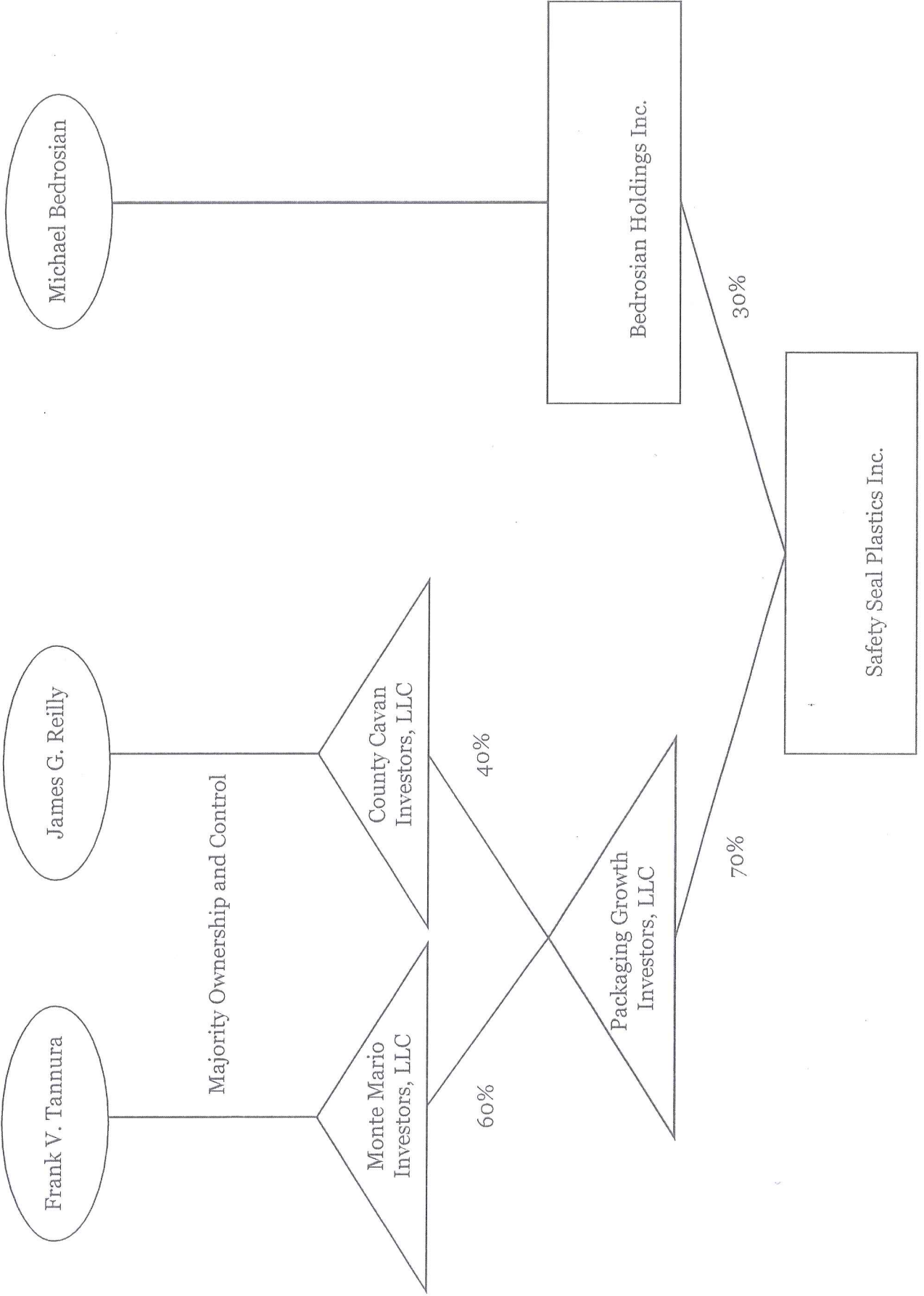
**Deloitte Restructuring Inc.**  
as the Proposed Receiver of  
Safety Seal Plastics Inc., and not in its  
personal or corporate capacity

Per:

  
\_\_\_\_\_  
Paul Casey, CPA, CA, FCIRP, LIT  
Senior Vice-President

**APPENDIX "A"**

**SAFETY SEAL PLASTICS INC. CORPORATE OWNERSHIP CHART**





**APPENDIX "B"**  
WAIVER OF CONDITIONS BY PURCHASER

**RELEASE**

Reference is made to the asset purchase agreement (the "**Purchase Agreement**") dated July 19, 2018, between Labelink Products Inc., as purchaser, and Safety Seal Plastics inc., as vendor. The purchaser confirms that as of today, the conditions indicated in paragraphs 8.2 (c) and 8.2 (f) of the Purchase Agreement are now fulfilled and satisfied.

SIGNED in Montreal, this 26 of July, 2018.

**LABELINK PRODUCTS INC.**

Per :   
Name : Stéphen Bouchard  
Title : President

# TAB 4

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

THE HONOURABLE ) TUESDAY, THE 7<sup>th</sup>  
 )  
JUSTICE ) DAY OF AUGUST, 2018  
 )

**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

**ORDER  
(appointing Receiver)**

**THIS APPLICATION** made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Deloitte Restructuring Inc. as receiver (the "**Receiver**") without security, of all of the assets, undertakings and properties of the Respondent, Safety Seal Plastics Inc. (the "**Debtor**"), acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Frank V. Tannura sworn July 27, 2018 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, the Debtor, Royal Bank of Canada, and such other counsel listed on the Counsel Slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn July ●, 2018, filed, and on reading the consent of Deloitte Restructuring Inc. to act as the Receiver,

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

### **APPOINTMENT**

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, Deloitte Restructuring Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

### **RECEIVER'S POWERS**

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (d) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (e) with the further order of the Court, adopt and/or complete such transactions entered into by the Debtor for the sale of all or parts of the Property;
- (f) to settle, extend or compromise any indebtedness owing to the Debtor;

- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (h) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (i) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (j) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (k) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (l) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due



to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court

upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH THE RECEIVER**

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

### **CONTINUATION OF SERVICES**

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the

collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

## **PIPEDA**

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not

complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

### **LIMITATION ON THE RECEIVER'S LIABILITY**

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

### **RECEIVER'S ACCOUNTS**

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA. For clarity, the fees, costs, and expenses incurred by the Receiver and counsel in the preparation of its pre-appointment report and such related activities shall be deemed to form part of the Receiver's and counsel's accounts herein and be subject to the terms of this Order.

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court

#### **SERVICE AND NOTICE**

21. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol.

22. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile

transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

23. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

#### **GENERAL**

24. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully



requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

29. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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**HSBC BANK CANADA**

Applicant  
and

**SAFETY SEAL PLASTICS INC.**  
Respondent

Court File No.: CV-18-00602325-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Toronto

**ORDER**  
**(Appointing Receiver)**

**Thornton Grout Finnigan LLP**  
Barristers and Solicitors  
Toronto-Dominion Centre  
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Fax: 416-304-1313

Lawyers for the Applicant



Revised: January 21, 2014  
s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver

Court File No. CV-18-00602325-00CL

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

THE HONOURABLE ) ~~WEEKDAY~~TUESDAY, THE # 7<sup>th</sup>  
JUSTICE ) DAY OF ~~MONTH~~AUGUST, ~~20YR~~2018

**PLAINTIFF<sup>†</sup>**

**Plaintiff**

**HSBC BANK CANADA**

**Applicant**

- and -

**DEFENDANT**

**Defendant**

**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**

**ORDER**  
**(appointing Receiver)**

<sup>†</sup>The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.

THIS ~~MOTION~~APPLICATION made by the ~~Plaintiff~~<sup>2</sup>Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing ~~[RECEIVER'S NAME]~~Deloitte Restructuring Inc. as receiver ~~[and manager]~~ ~~(in such capacities, (~~the "Receiver") without security, of all of the assets, undertakings and properties of ~~[DEBTOR'S NAME]~~the Respondent, Safety Seal Plastics Inc. (the "Debtor"), acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~Frank V. Tannura sworn ~~[DATE]~~July 27, 2018 and the Exhibits thereto and on hearing the submissions of counsel for ~~[NAMES]~~the Applicant, the Debtor, Royal Bank of Canada, and such other counsel listed on the Counsel Slip, no one appearing for ~~[NAME]~~any other person on the service list, although ~~duly~~properly served as appears from the affidavit of ~~service of~~ ~~[NAME]~~ sworn ~~[DATE]~~July 27, 2018, filed, and on reading the consent of ~~[RECEIVER'S NAME]~~Deloitte Restructuring Inc. to act as the Receiver,

## SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of ~~Motion~~Application and the ~~Motion~~Application is hereby abridged and validated<sup>3</sup> so that this ~~motion~~application is properly returnable today and hereby dispenses with further service thereof.

## APPOINTMENT

<sup>2</sup>Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

<sup>3</sup>If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, ~~[RECEIVER'S NAME]~~Deloitte Restructuring Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

### RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- ~~(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;~~

(c) ~~(d)~~—to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

~~(e) — to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;~~

(d) ~~(f)~~—to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(e) with the further order of the Court, adopt and/or complete such transactions entered into by the Debtor for the sale of all or parts of the Property;

(f) ~~(g)~~—to settle, extend or compromise any indebtedness owing to the Debtor;

(g) ~~(h)~~—to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(h) ~~(i)~~—to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to

settle or compromise any such proceedings.<sup>4</sup> The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

~~(j) — to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;~~

~~(k) — to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business;~~

~~(i) — without the approval of this Court in respect of any transaction not exceeding \$ \_\_\_\_\_, provided that the aggregate consideration for all such transactions does not exceed \$ \_\_\_\_\_; and~~

~~(ii) — with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;~~

~~and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,]<sup>5</sup> shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.~~

~~(l) — to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;—~~

<sup>4</sup> This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.

<sup>5</sup> If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.



- (i) ~~(m)~~ to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- ~~(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;~~
- ~~(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;~~
- (j) ~~(p)~~ to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (k) ~~(q)~~ to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (l) ~~(r)~~ to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

**DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement,

licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

### **CONTINUATION OF SERVICES**

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the

credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

## **PIPEDA**

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all

material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

### **LIMITATION ON THE RECEIVER'S LIABILITY**

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections

81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

## RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.<sup>6</sup> For clarity, the fees, costs, and expenses incurred by the Receiver and counsel in the preparation of its pre-appointment report and such related activities shall be deemed to form part of the Receiver's and counsel's accounts herein and be subject to the terms of this Order.

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against

<sup>6</sup>~~Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".~~



its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

### **~~FUNDING OF THE RECEIVERSHIP~~**

~~21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$\_\_\_\_\_ (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.~~

~~22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.~~

~~23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.~~

~~24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.~~

**SERVICE AND NOTICE**

21. ~~25.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at

~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol ~~with the following URL ‘<@>’.~~

22. ~~26.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

23. THIS COURT ORDERS that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

#### GENERAL

24. ~~27.~~ THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. ~~28.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. ~~29.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. ~~30.~~ **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. ~~31.~~ **THIS COURT ORDERS** that the ~~Plaintiff~~Applicant shall have its costs of this ~~motion~~application, up to and including entry and service of this Order, provided for by the terms of the ~~Plaintiff~~Applicant's security or, if not so provided by the ~~Plaintiff~~Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

29. ~~32.~~ **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

**SCHEDULE "A"**

**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

~~1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property")~~

~~appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Order") made in an action having Court file number \_\_\_CL\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_, being part of the total principal sum of \$\_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.~~

~~2. — The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.~~

~~3. — Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.~~

~~4. — All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.~~

~~5. — Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.~~

~~6. — The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.~~

~~7. — The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.~~

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

~~[RECEIVER'S NAME], solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity~~

Per: \_\_\_\_\_

Name:

Title:

# **TAB 5**

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

THE HONOURABLE ) TUESDAY, THE 7<sup>th</sup>  
 )  
JUSTICE ) DAY OF AUGUST, 2018  
 )

B E T W E E N:

**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

**APPROVAL, VESTING AND DISTRIBUTION ORDER**

**THIS APPLICATION**, made by the Applicant, for an order: (a) approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Respondent, Safety Seal Plastics Inc. (the "**Debtor**"), and Labelink Products Inc. (the "**Purchaser**") dated July 19, 2018 and appended to the Affidavit of Frank V. Tannura sworn July 27, 2018 (the "**Tannura Affidavit**"); (b) vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the



"**Purchased Assets**"); and (c) authorizing and directing Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of the Debtor, to distribute to the Applicant and to Royal Bank of Canada ("**RBC**") amounts from the sale proceeds of the Transaction, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Tannura Affidavit, the report of Deloitte dated July 27, 2018 in its capacity as proposed receiver of the Debtor, on hearing the submissions of counsel for the Applicant, the Debtor, the Receiver, RBC, and such other counsel listed on the Counsel Slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn July ●, 2018, filed:

**Transaction**

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved. The Receiver is hereby authorized and directed, for and on behalf of the Debtor, to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have

attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice [NAME] dated August 8, 2018; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**"), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule 5.1 to the Sale Agreement. The Purchaser

shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

### **Distributions**

7. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to distribute upon filing of the Receiver's Certificate, \$485,000 to RBC subject to the security held by RBC, without further Order of this Court.

8. **THIS COURT ORDERS** that the Receiver is hereby authorized and empowered to distribute from time to time all funds coming into its hands in respect of the realization of the assets of the Debtor, including the balance of the sale proceeds of the Transaction, to HSBC subject to the security held by HSBC, and subject to such reserves as the Receiver may deem prudent, up to the amount of \$4,700,000, without further Order of this Court.

9. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized to convey or transfer any part or parts of the Property excluding the assets that are subject to the Transaction (the “**Remaining Property**”), out of the ordinary course of business, to persons with a valid Claim against such Remaining Property, as determined by the Receiver, in accordance with the rank and priority of such Claims and limited to the indebtedness of the Respondent to each such party asserting a Claim, without further Order of this Court.

**General**

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

**Schedule A – Form of Receiver’s Certificate**

Court File No. \_\_\_\_\_

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

B E T W E E N:

**HSBC BANK CANADA**

Applicant

- and -

**SAFETY SEAL PLASTICS INC.**

Respondent

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "**Court**") dated August 7, 2018, Deloitte Restructuring Inc. was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of Safety Seal Plastics Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated August 7, 2018, the Court approved the agreement of purchase and sale made as of July 19, 2018 (the "**Sale Agreement**") between the Debtor and Labelink Products Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the

Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver, for and on behalf of the Debtor, and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**DELOITTE RESTRUCTURING INC.,  
in its capacity as Receiver of the undertaking,  
property and assets of Safety Seal Plastics  
Inc., and not in its personal capacity**

Per: \_\_\_\_\_

Name:

Title:



Revised: January 21, 2014

Court File No. ~~\_\_\_\_\_~~ CV-18-00602325-00CL

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

THE HONOURABLE ) ~~WEEKDAY~~ TUESDAY, THE # 7<sup>th</sup>  
 )  
JUSTICE ) DAY OF ~~MONTH~~ AUGUST, ~~20YR~~ 2018

B E T W E E N:

~~PLAINTIFF~~

~~Plaintiff~~

HSBC BANK CANADA

Applicant

- and -

~~DEFENDANT~~

~~Defendant~~

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

**APPROVAL ~~AND~~, VESTING AND DISTRIBUTION ORDER**

~~THIS MOTION, made by [RECEIVER'S NAME] in its capacity as the Court appointed receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor")~~ APPLICATION, made by the Applicant, for an order: (a) approving the sale



transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the ~~Receiver and [NAME OF PURCHASER]~~Respondent, Safety Seal Plastics Inc. (the "**Debtor**"), and Labelink Products Inc. (the "**Purchaser**") dated ~~[DATE]~~July 19, 2018 and appended to the ~~Report of the Receiver dated [DATE] (the "Report"), and~~Affidavit of Frank V. Tannura sworn July ●, 2018 (the "**Tannura Affidavit**"); (b) vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"); and (c) authorizing and directing Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of the Debtor, to distribute to the Applicant and to Royal Bank of Canada ("**RBC**") amounts from the sale proceeds of the Transaction, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the ~~Report and~~Tannura Affidavit, the report of Deloitte dated July ●, 2018 in its capacity as proposed receiver of the Debtor, on hearing the submissions of counsel for the ~~Receiver, [NAMES OF OTHER PARTIES APPEARING]~~Applicant, the Debtor, the Receiver, RBC, and such other counsel listed on the Counsel Slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn ~~[DATE]~~July ●, 2018, filed<sup>†</sup>:

<sup>†</sup>This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.

## Transaction

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved,<sup>2</sup> ~~and the execution of the Sale Agreement by the Receiver<sup>3</sup> is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary.~~ The Receiver is hereby authorized and directed, for and on behalf of the Debtor, to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement ~~[and listed on Schedule B hereto]~~<sup>4</sup> shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"<sup>5</sup>) including, without limiting the generality of

<sup>2</sup> ~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

<sup>3</sup> ~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

<sup>4</sup> ~~To allow this Order to be free standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

<sup>5</sup> ~~The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice [NAME] dated ~~{DATE}~~; August 8, 2018; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; ~~and (iii) those Claims listed on Schedule C hereto~~ (all of which are collectively referred to as the "**Encumbrances**", ~~which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D~~), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

~~3.— THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION}] of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act<sup>6</sup>, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.~~

3. ~~4.~~ **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds<sup>7</sup> from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior

<sup>6</sup> Elect the language appropriate to the land registry system (Registry vs. Land Titles).

<sup>7</sup> The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

to the sale<sup>8</sup>, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. ~~5.~~ **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. ~~6.~~ **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "~~•~~"[5.1](#) to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

6. ~~7.~~ **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

~~<sup>8</sup>This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

### Distributions

7. ~~8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario)~~ that the Receiver is hereby authorized and directed to distribute upon filing of the Receiver's Certificate, \$485,000 to RBC subject to the security held by RBC, without further Order of this Court.
8. THIS COURT ORDERS that the Receiver is hereby authorized and empowered to distribute from time to time all funds coming into its hands in respect of the realization of the assets of the Debtor, including the balance of the sale proceeds of the Transaction, to HSBC subject to the security held by HSBC, and subject to such reserves as the Receiver may deem prudent, up to the amount of \$4,700,000, without further Order of this Court.
9. THIS COURT ORDERS that the Receiver is hereby empowered and authorized to convey or transfer any part or parts of the Property excluding the assets that are subject to the Transaction (the "**Remaining Property**"), out of the ordinary course of business, to persons with a valid Claim against such Remaining Property, as determined by the Receiver, in accordance

with the rank and priority of such Claims and limited to the indebtedness of the Respondent to each such party asserting a Claim, without further Order of this Court.

### **General**

10. ~~9.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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Schedule A – Form of Receiver’s Certificate

Court File No. \_\_\_\_\_

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

B E T W E E N:

~~PLAINTIFF~~

Plaintiff

HSBC BANK CANADA

Applicant

- and -

~~DEFENDANT SAFETY SEAL PLASTICS INC.~~

Defendant

Respondent

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "Court") dated ~~[DATE OF ORDER], [NAME OF RECEIVER]~~August 7, 2018, Deloitte Restructuring Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of ~~[DEBTOR]~~Safety Seal Plastics Inc. (the "Debtor").

B. Pursuant to an Order of the Court dated ~~[DATE]~~August 7, 2018, the Court approved the agreement of purchase and sale made as of ~~[DATE OF AGREEMENT]~~July 19, 2018 (the "Sale

Agreement") between the ~~Receiver~~ [Debtor] and ~~[NAME OF PURCHASER]~~ [Labelink Products Inc.](#) (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in ~~section~~ [Article 8](#) of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in ~~section~~ [Article 8](#) of the Sale Agreement have been satisfied or waived by the Receiver, [for and on behalf of the Debtor](#), and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].



~~{NAME OF RECEIVER},~~ DELOITTE  
RESTRUCTURING INC.,

in its capacity as Receiver of the undertaking,  
property and assets of ~~{DEBTOR}~~ Safety Seal  
Plastics Inc., and not in its personal capacity

Per: \_\_\_\_\_

Name:

Title:

~~Schedule B—Purchased Assets~~

~~Schedule C—Claims to be deleted and expunged from title to Real Property~~

**~~Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants  
related to the Real Property~~**

**~~(unaffected by the Vesting Order)~~**

**HSBC BANK CANADA**

Applicant and

**SAFETY SEAL PLASTICS INC.**

Respondent

Court File No.: CV-18-00602325-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Toronto

**ORDER**  
**(APPROVAL, VESTING AND DISTRIBUTION)**

**Thornton Grout Finnigan LLP**

Barristers and Solicitors  
Toronto-Dominion Centre  
100 Wellington Street West  
Suite 3200, P.O. Box 329  
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Tel: 416-304-7979  
Email: pfesharaki@tgf.ca

Fax: 416-304-1313

Lawyers for the Applicant

# TAB 6

Court File No.

**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

**CONSENT**

Deloitte Restructuring Inc. hereby consents to act as Court-appointed Receiver in this proceeding should such an Order be granted by the Court.

Dated at Toronto this 27<sup>th</sup> day of July, 2018.

**DELOITTE RESTRUCTURING INC.**

Per: 

Name: Paul M. Casey, CPA, CA, FCIRP, LIT

Title: Senior Vice-President

**HSBC BANK CANADA**

Applicant

and

**SAFETY SEAL PLASTICS INC.**

Respondent

Court File No.: CV-18-00602325-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Toronto

**CONSENT**

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Respondent

Court File No.: CV-18-00602325-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**

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**APPLICATION RECORD**

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