

COURT FILE NUMBER 1801-01297

COURT COURT OF QUEEN'S BENCH OF ALBERTA

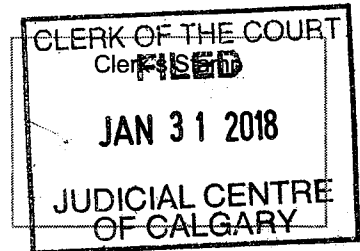
JUDICIAL CENTRE CALGARY

PLAINTIFF HSBC BANK CANADA

DEFENDANTS ADVANTAGE PRODUCTS INC.
and JAMES WEBER

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Bishop & McKenzie LLP
2200, 555 – 4th Avenue SW
Calgary, AB T2P 3E7
Attention: Russell N. Avery
Telephone: 403-237-5550
Facsimile: 403-263-3423
File No.: 31,322-178 (RNA/sla)



AFFIDAVIT OF CAMERON BAILEY
Affirmed on January 30, 2018

I, Cameron Bailey, of the City of Calgary, in the Province of Alberta, Assistant Vice President,
AFFIRM AND SAY THAT:

1. I am an Assistant Vice President in the Loan Management Unit for the above-named Plaintiff, and have examined the records of the Plaintiff, and as such, can swear positively as to the facts and matters herein deposed, except where stated to be otherwise.
2. The Defendant Advantage Products Inc. ("Advantage") is a valid and subsisting Alberta corporation. Attached hereto and marked as Exhibit "A" to this Affidavit is a copy of the Corporate Registry search result on Advantage Products Inc.
3. On the 18th day of August, 2009, the Plaintiff and Advantage entered into a loan agreement whereby the Plaintiff would advance funds, or make funds available, to Advantage in the amount of \$550,000.00 (hereinafter referred to as the "Loan Agreement"). The Loan Agreement at that time was comprised of an operating loan facility and a MasterCard facility. Attached hereto and marked as Exhibit "B" to this Affidavit is a copy of the Loan Agreement.


4. The amounts owing under the Loan Agreement were payable on demand.
5. As security for its indebtedness to the Plaintiff, Advantage executed a General Security Agreement dated September 10, 2009. Pursuant to the General Security Agreement, Advantage provided the Plaintiff with a security interest in all its presently owned and after-acquired personal property, that would be continuing security for the payment and performance of all indebtedness, liabilities and obligations of Advantage to the Plaintiff, whether incurred prior to, at the time of or after the signing of the General Security Agreement, and for all other liabilities of Advantage to the Plaintiff, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred. Attached hereto and marked as Exhibit "C" to this Affidavit is a copy of the General Security Agreement dated September 10, 2009.
6. The Plaintiff is in first priority position as secured creditor on the personal property owned by Advantage in Alberta. Attached hereto and marked as Exhibit "D" to this Affidavit is a copy of a Personal Property Registry Search Results Report dated January 24, 2018.
7. By the terms of the General Security Agreement, the Plaintiff is entitled to appoint a receiver in the event of default.
8. The terms of the Loan Agreement were amended from time to time by the parties.
9. On or about the 14th day of June, 2016, the Plaintiff and Advantage amended and restated the terms of the Loan Agreement. At that time, there were four loan facilities, the particulars of which are as follows:
 - a. Operating loan in the amount of \$700,000.00, bearing interest at the Plaintiff's prime lending rate plus 2.25% per annum;
 - b. Capital loan in the amount of \$33,333.00, bearing interest at the Plaintiff's prime lending rate plus 2.35% per annum;
 - c. Capital loan in the amount of \$54,167.00, bearing interest at the Plaintiff's prime lending rate plus 2.35% per annum; and
 - d. MasterCard facility in the amount of \$50,000.00.

All four loan facilities were payable on demand. Attached hereto and marked as Exhibit "E" to this Affidavit is a copy of the June 14, 2016 agreement.

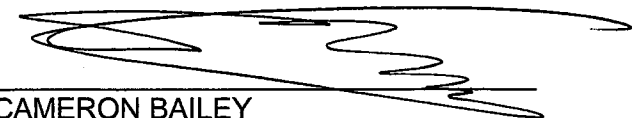
10. Effective the 31st day of October, 2016, the Plaintiff and Advantage entered into a Forbearance Agreement. One of the terms of the Forbearance Agreement was that the interest rate on the indebtedness would increase by 1% per annum as of October 31, 2016, thus making the interest payable on the operating loan the Plaintiff's prime lending rate plus 3.25% per annum, and the Plaintiff's prime lending rate plus 3.35% per annum on the two capital loans. Attached hereto and marked as Exhibit "F" to this Affidavit is a copy the Forbearance Agreement.
11. The two capital loans have been paid in full by Advantage, leaving the operating loan and the MasterCard facility outstanding.
12. Advantage has defaulted under the Loan Agreement by failing to maintain various ratio covenants of debt to value. It has also breached its reporting requirement covenant.
13. Advantage appears to be in a state of disarray. Its Controller resigned in 2017. Its accounting firm ceased to provide services to Advantage in 2017 resulting in no financial information being provided to the Plaintiff since June 2017. There has been virtually no communication from Advantage. The current controller advised me that her instructions were not provide any information to the Plaintiff. The Plaintiff is very concerned about the current operations of Advantage and the eventual repayment of the funds advanced.
14. On January 11, 2018, the Plaintiff sent a demand letter to Advantage. Attached to the demand letter was a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*. Advantage has failed to respond to the demand or retire the indebtedness. Attached hereto and marked as Exhibit "G" to this Affidavit is a copy of the demand letter and Notice of Intention to Enforce Security dated January 11, 2018.
15. As a result of the default of Advantage, the Plaintiff filed a Statement of Claim commencing these legal proceedings on January 25, 2018.
16. As of the 23rd day of January, 2018, the amount owing to the Plaintiff by Advantage was \$693,118.78 plus accruing interest and enforcement costs.
17. Alvarez & Marsal Canada Inc. has consented to be appointed as the receiver of Advantage in this matter. Attached hereto and marked as Exhibit "H" to this Affidavit is a copy of the executed Consent of Alvarez & Marsal Canada Inc.

18. I make this Affidavit in support of an application for the appointment of Alvarez & Marsal Canada Inc. as receiver of Advantage Products Inc.

AFFIRMED BEFORE ME at the City of
Calgary, in the Province of Alberta,
this 30 day of January, 2018


A COMMISSIONER FOR OATHS in
and for the Province of Alberta

Andrew M. Avery
Barrister & Solicitor


CAMERON BAILEY

"I certify that Cameron Bailey satisfied
me that he/~~she~~ was a person entitled to affirm"

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2016/09/16
Time of Search: 03:26 PM
Search provided by: BISHOP & MCKENZIE, CALGARY

Service Request Number: 25765188
Customer Reference Number: 31322-178

Corporate Access Number: 207590795

Legal Entity Name: ADVANTAGE PRODUCTS INC.

This is Exhibit " A " referred to in the
Affidavit of
Cameron Bailey
Sworn before me this 30th day
of January A.D., 2018
Andrew M. Avery
A Commissioner for Oaths in and for
the Province of Alberta

Name History:

Andrew M. Avery
Barrister & Solicitor

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
ADVANTAGE PRODUCTS INC.	1999/03/08
759079 ALBERTA LTD.	1999/03/11

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 1997/10/15 YYYY/MM/DD
Date of Last Status Change: 2006/02/01 YYYY/MM/DD

Registered Office:

Street: 203, 200 BARCLAY PARADE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 4R5

Records Address:

Street: 273, 1919B - 4TH STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2S 1W4

Percent Of Voting Shares: 3.177

Last Name: MCGOWAN
First Name: KERRY
Street: BOX 264
City: PROVOST
Province: ALBERTA
Postal Code: T0B 3S0
Percent Of Voting Shares: 3.177

Last Name: PETERS
First Name: ADELA
Street: 1722 BOWNESS ROAD NW
City: CALGARY
Province: ALBERTA
Postal Code: T2N 3K2
Percent Of Voting Shares: 4.448

Legal Entity Name: ROCKHILL RESOURCES LTD.
Corporate Access Number: 207872334
Street: 521 - 21ST AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2S 0G9
Percent Of Voting Shares: 3.177

Last Name: WEBER
First Name: JIM
Street: 273, 1919B - 4TH STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2S 1W4
Percent Of Voting Shares: 49.57

Details From Current Articles:

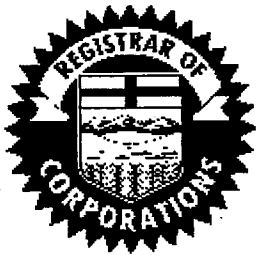
The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	1999/08/11
Restrictions on Share Transfers	ELECTRONIC	1999/08/11
Other Rules or Provisions	ELECTRONIC	1999/08/11
Letter - Spelling Error	10000699000407281	2000/05/16
Statutory Declaration Notice Error	10000099000407279	2000/05/16
Statutory Declaration Notice Error	10000899000407280	2000/05/16
Share Structure	ELECTRONIC	2000/08/17
Share Structure	ELECTRONIC	2003/06/23
Consolidation, Split, Exchange	ELECTRONIC	2003/06/23
Amended Annual Return	10000901000196544	2003/09/17

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.





149-100378(001)

August 18, 2009

Advantage Products Inc.
273-1919B 4th Street SW.
Calgary, AB T2S 1W4

ATTENTION: MR. JAMES WEBER AND MR. LYNN TESSIER

Dear Sirs:

HSBC Bank Canada (the "Bank") is pleased to offer the following new credit facilities (the "Loans") on the terms and conditions set out below. The terms and conditions contained in the Schedule are incorporated by reference into and form an integral part of this Facility Letter.

Borrower

Advantage Products Inc. (the "Borrower")

1. **Operating Loan**1.1 **Amount:**

CAD 500,000 demand revolving loan (the "Operating Loan").

1.2 **Purpose:**

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

1.3 **Availability:**

Available by way of account overdraft following satisfaction of the Conditions Precedent. The Borrower shall ensure that the amount advanced and outstanding under the Operating Loan shall at no time exceed the Margin Requirement as calculated by the Bank described below.

1.4 **Repayment:**

All amounts outstanding under the Operating Loan shall be repaid on demand by the Bank and, unless and until otherwise demanded, interest shall be paid at the rates set out below and in the manner provided in the attached Schedule.

1.5 **Interest and Fees:**

- (a) Interest shall be paid at the Bank's Prime Rate plus 1.50% per annum;
- (b) The Borrower shall pay to the Bank on the last day of each month, an administration fee of CAD 150.
- (c) Set-up fee of CAD 2,500 (payable upon acceptance of Offer Letter).

This is Exhibit "B" referred to in the
Affidavit of
Cameron Bailey
Sworn before me this 30th day
of January A.D., 20 10
Andrew Avery
A Commissioner for Oaths in and for
the Province of Alberta

Andrew M. Avery
Barrister & Solicitor

2. Corporate MasterCard Facility

2.1 Amount:

CAD 50,000 corporate MasterCard facility (the "Corporate MasterCard Facility")

2.2 Purpose:

The Corporate MasterCard Facility shall be used by the Borrower to issue Corporate MasterCard's to employees for sundry business expenses up to a combined maximum limit of CAD 50,000.

NOTE: EFT Facility available upon request.

3. Margin Requirement

In addition to ensuring that no Loan exceeds its loan amount, as set out in this Facility Letter, the Borrower shall ensure that the Operating Loan shall at no time exceed the Margin Requirement, being the aggregate of:

- (a) 75 % of Acceptable Receivables plus;
- (b) the lesser of 50 % of Acceptable Inventory and CAD 250,000; less
- (c) Priority Claims.

4. Security

4.1 Security Documents:

The liability, indebtedness and obligations of the Borrower under the Loans and this Facility Letter shall be evidenced, governed and secured, as the case may be, by the following documents (the "Security Documents") completed in form and manner satisfactory to the Bank's or its solicitors:

- (a) line of credit by way of current account overdraft agreement executed by the Borrower;
- (b) general security agreement creating a first priority security interest in all present and after acquired personal property of the Borrower and a floating charge over all of the Borrower's present and after acquired real property;
- (c) MasterCard Indemnity;
- (d) assignment by the Borrower to the Bank of all risk insurance (including extended coverage endorsement) in amounts and from an insurer acceptable to the Bank, on all of the Borrower's real and personal property including, without limitation, lands, buildings, equipment and inventory owned by the Borrower, showing the Bank as first loss payee by way of standard mortgage endorsement;
- (e) all supporting certificates and opinions as the Bank may reasonably require;
- (f) such other documents as the Bank may reasonably request in order to register or otherwise perfect the documents listed above.

4.2 Registration:

The Security Documents will be registered in all jurisdictions and at all registries or public office as the Bank may determine necessary or beneficial to perfect or protect its interest under the Security Documents. The Security Documents shall rank in priority to all other mortgages, charges, liens, encumbrances and security interests unless otherwise specifically agreed to in writing by the Bank.

5. Conditions Precedent

The conditions precedent to the Bank's obligation to the advance of the Loans and to the continued availability of the Loans are set out below and in Section IV of the attached Schedule to this Facility Letter (collectively the "Conditions Precedent"). The Borrower shall deliver or cause to be delivered the following in form and content satisfactory to the Bank or its solicitor:

- (a) All security and supporting agreements are to be properly executed and, if necessary, registered and filed, and are to be in a form and substance satisfactory to the Bank and its solicitor.

6. Borrower's Covenants and Conditions

The Borrower covenants and agrees with the Bank that, so long as any portion of the Loans or any indebtedness or liabilities of the Borrower under this Facility Letter remain outstanding, it shall not, without the prior written consent of the Bank:

- (a) Permit its ratio of current assets to current liabilities to be less than 1.25 to 1.00 (tested monthly). For the purpose of this calculation, current portion of long-term debt is excluded from current liabilities.
- (b) Permit its ratio of Debt Service Coverage ratio to reduce below 1.25 to 1.00 calculated & tested on an annual basis.

The Debt Service ratio shall be calculated as EBITDA divided by annual Debt Service Requirements. "Debt Service Requirements" means the sum of all interest & principal payments paid by the Borrower on all Bank and Third Party Indebtedness.

- (c) Permit its ratio of debt to tangible net worth to at any time exceed 2.50 to 1.00 (tested monthly) where intangible assets are deducted from equity, future taxes are deducted from debt and cash credit balances with the Bank are netted against accounts payable. Shareholder loans shall be deducted from debt and added to equity, if postponed to the Bank.

The Borrower agrees that the foregoing financial tests shall be calculated by the Bank using financial statements of the Borrower or with such other statements as the Bank may agree to use from time to time.

7. Financial Statements and Reports

The Borrower shall deliver to the Bank the following:

- (a) Monthly, within 30 days of each calendar month end:
 - (i) aged list of accounts receivable of the Borrower;

- (ii) aged list of accounts payable of the Borrower;
 - (iii) declaration of inventory and priority payables in accordance with the Bank's format;
 - (iv) internally-prepared financial statements (balance sheet and income statement) for the Borrower;
- (b) Annually, within 120 days of the Borrower's fiscal year end:
- (i) Review Engagement financial statements for the Borrower;
 - (ii) *pro forma* financial statements, cash flow statement and budget for the following fiscal year of the Borrower;
- (c) Additional financial statements and information as and when requested by the Bank.

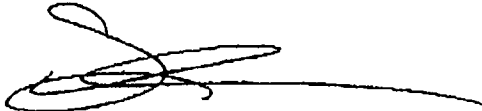
8. Lapse, Periodic Review and Cancellation

Without limiting the Bank's right to demand repayment of the Loans at any time, this Facility Letter shall, at the option of the Bank, lapse and the obligations of the Bank shall end if there has, in the opinion of the Bank, been a material adverse change in the financial condition of the Borrower, or if the Conditions Precedent have not been met and initial advance of the Loans has not been made, within three months of the date of this Facility Letter. Without limiting the Bank's right to demand repayment of the Loans at any time, the Loans shall be subject to periodic review by the Bank as and when determined by the Bank in its discretion. Any unadvanced portion of the Loans shall be cancelled upon demand being made by the Bank for repayment of the amount outstanding under the Loans.

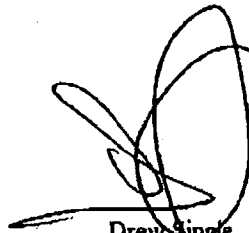
9. Acceptance

The terms and conditions of this Facility Letter may be accepted by signing, dating and returning the enclosed duplicate copy of this Facility Letter signed by each Borrower to the Bank by 5:00 p.m. on September 4, 2009. Failing such acceptance, this offer will automatically expire and shall be of no further force or effect.

Yours truly,
HSBC BANK CANADA



Sandy Tseng
Account Manager, Energy Financing



Drew Single
Assistant Vice President, Energy Financing

The undersigned hereby acknowledges and agrees to the terms and conditions of this Facility Letter this
21 day of August 2009.

THE BORROWER:
ADVANTAGE PRODUCTS INC.

PER: [Signature]
NAME: Jim Weber
TITLE: PRESIDENT. CEO

PER: _____
NAME: _____
TITLE: _____

SCHEDULE TO FACILITY LETTER
FROM: HSBC BANK CANADA
TO: Advantage Products Inc.
DATED: August 18, 2009

This Schedule shall form part of the Facility Letter and the Loans as described in the Facility Letter shall also be subject to the following terms and conditions:

I. Definitions

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

"Acceptable Inventory" means the value, determined by the Bank from its review of the most recent financial statements and inventory declaration provided by the Borrower, based on the lower of cost and fair market value of all materials owned by the Borrower for resale or for production of goods for resale, excluding work in progress, and over which the Bank holds a first mortgage, first ranking transfer or first security interest, subject only to Priority Claims;

"Acceptable Receivables" means the aggregate of accounts receivable of the Borrower, determined by the Bank from its review of the most recent financial statements and aged listing of accounts receivable of the Borrower, over which the Bank holds a first assignment or first security interest, subject only to Priority Claims from customers approved by the Bank which have been outstanding for not more than 90 days, from which shall be excluded accounts receivable from affiliated corporations and accounts which are disputed by the Borrower's customers or are subject to set-off;

"Bank's Prime Rate" means the variable annual rate of interest established and adjusted by the Bank from time to time as its reference rate for purposes of determining rates of interest it will charge on loans denominated in Canadian dollars and which was 2.25% as of August 18, 2009. A certificate of a manager or account manager of the Bank shall be *prima facie* evidence of the Bank's Prime Rate from time to time;

"Business Day" means a day upon which the Bank is open for business in the branch first above written;

"Canadian Dollar Equivalent" means at any time on any date in relation to any amount in a currency other than Canadian dollars, the amount of Canadian dollars required for the Borrower to purchase that amount of such other currency at the rate of exchange quoted by the Bank at or about 8:00 a.m. Pacific time on such date, including all premiums and costs of exchange;

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

"Governmental Authority" means any governmental, legislative, or regulatory authority, agency, commission, board or any court, tribunal or other law, regulation or bill making entity having or purporting to have jurisdiction on behalf of any nation, province or city;

"Legal Requirement" means all laws, statutes, codes, ordinances, orders, awards, judgments, decrees, injunctions, rules, regulations, authorizations, consents, approvals, orders, permits, franchises, licences, directions and requirements of any Governmental Authority or otherwise;

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

"Priority Claims" means any lien, claim, charge, security interest, trust claim, right or encumbrance of any Governmental Authority or other party (whether arising under any statute, law, contract or otherwise) having priority over the Security Documents and the mortgage, charge and security interest of the Bank in any of the inventory or accounts receivable of the Borrower.

II. Representations and Warranties

If a corporation, the Borrower and each Guarantor represents and warrants, as at the time of drawing under or other utilization of the Loans, that:

- (a) it has been duly incorporated and organized, is properly constituted, is in good standing and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;
- (b) the execution of the Facility Letter and the Security Documents and the incurring of liability and indebtedness to the Bank does not and will not contravene:
 - i) any Legal Requirement applicable to the Borrower and each Guarantor, respectively; or
 - ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which the Borrower and each Guarantor, respectively, is a party;
- (c) the Facility Letter and the Security Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and each Guarantor, and constitute valid and binding obligations of the Borrower and each Guarantor, as the case may be, and are enforceable in accordance with their respective terms;
- (d) all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the Loans and the execution and delivery of the Security Documents.

Each of the Borrower and the Guarantors also represents and warrants to the Bank that all financial and other information provided to the Bank in connection with the Loans is true and accurate, and acknowledges that the offer of credit contained in the Facility Letter is made in reliance on the truth and accuracy of this information and the above representations and warranties.

III. Interest, Fees, Payment and Rights

- (a) Interest on the daily balance of the principal amount advanced under the Loans and remaining unpaid from time to time shall be payable by the Borrower as set out in the Facility Letter both before and after demand, maturity, default and judgment;
- (b) Each Loan shall bear interest from the date of advance at the variable annual rate of interest set

out in this Facility Letter and shall accrue daily on the basis of a year of 365 days compounded monthly and payable on the last day of each month;

- (c) The fees collected by the Bank shall be its property as consideration for the time, effort and expense incurred by it in the review and administration of documents and financial statements, and the Borrower acknowledges and agrees that the determination of these costs is not feasible and that the fees set out in the Facility Letter represent a reasonable estimate of such costs;
- (d) Any amounts which become payable to the Bank under the Facility Letter or the Security Documents and which are not paid when due shall accrue interest and be payable from the due date at the rate and manner stipulated for the Loans first described in the Facility Letter, if no other interest rate is expressed for such amounts;
- (e) All payments by the Borrower to the Bank shall be made at the address of the branch of the Bank set out on the first page of the Facility Letter or at such other place as the Bank may specify in writing from time to time. Any payment delivered or made to the Bank by 1:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made afterwards shall be credited as of the next day on which the said branch is open for business;
- (f) Notwithstanding anything to the contrary contained in the Facility Letter, the Bank may, in its discretion, make an advance under the Loans to pay any unpaid interest or fees which have become due under the terms of the Facility Letter;
- (g) The Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Loans, and interest, fees and other amounts due in connection with the Loans, in an account of the Borrower maintained by the Bank shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under the Loans; provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with the terms and conditions of the Loans shall not be affected by the failure of the Bank to make such recording. The Borrower also acknowledges being indebted to the Bank for principal amounts shown as outstanding from time to time in the Bank's account records, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of this Facility Letter;
- (h) The obligation of the Borrower to make all payments under the Facility Letter and the Security Documents shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:
 - (i) any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Bank or anyone else for any reason whatsoever; or
 - (ii) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower.
- (i) In addition to and not in limitation of any rights now or hereafter available to the Bank whether under applicable law or arising in the Security Documents, the Bank is authorized, at any time and from time to time, upon delivery of written notice to the Borrower to set-off and appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing by the Bank to or for the credit of the Borrower against and on account of the obligations and liabilities of the Borrower to the Bank under this Facility Letter. The Bank agrees to provide written notice of the exercise of any of the rights under this section

immediately after the exercise of such rights.

- (j) The remedies, rights and powers of the Bank under this Facility Letter, the Security Documents and at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank and no delay or omission in exercise of any such remedy, right or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

IV. Conditions Precedent

In addition to the Conditions Precedent previously set out, it shall also be a condition precedent to the initial advance and continued availability of the Loans that the Bank shall have received:

- (a) The Security Documents completed and, where necessary, registered in form and manner satisfactory to the Bank's solicitors;
- (b) Satisfactory bankers' and/or other agency reports on the financial position of the Borrower, the Guarantors and such customers of the Borrower as the Bank may specify from time to time;
- (c) Verification of insurance arranged by the Borrower conforming to the Bank's requirements;
- (d) If deemed necessary by the Bank, an environmental questionnaire, including site profile, and environmental site investigation report for the Lands prepared by an environmental consultant satisfactory to the Bank, in each case in form and content acceptable to the Bank;
- (e) confirmation that the Borrower is in compliance with each of the terms and conditions of the Facility Letter.

V. Borrower's Covenants and Conditions

In addition to the conditions previously set out, the following conditions shall apply until the Loans are repaid in full and cancelled:

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

- (b) The Bank shall have the right to waive the delivery of any Security Documents or the performance of any term or condition of the Facility Letter, and may advance all or any portion of the Loans prior to satisfaction of any of the Conditions Precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of performance of such obligation or condition in the future;
- (c) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently;

VI. Environmental Matters

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

VII. Bank Visits

Representatives of the Bank shall be entitled to attend at the Borrower's business premises and to view all financial records of the Borrower at any time, on reasonable notice.

VIII. Legal and Other Expenses

The Borrower shall pay all reasonable legal fees and disbursements (on a solicitor and own client basis) in respect of the Loans, the preparation, issue and registration of the Security Documents and the enforcement and preservation of the Bank's rights and remedies under this Facility Letter and the Security Documents, and all reasonable fees and costs for appraisals, insurance consultation, credit reporting and responding to demands of any government or any agency or department thereof, whether or not the documentation is completed or any funds are advanced under the Loans.

IX. Non-Merger and Non-Assignment

This Facility Letter shall, on execution by the Borrower and each Guarantor, replace all previous facility letters from the Bank to the Borrower with respect to the Loans. Any existing loan to the Borrower shall be modified, not refinanced, without novation of the Borrower's existing facilities or obligations, by virtue of the Facility Letter unless otherwise provided in the Facility Letter. The terms and conditions of the Facility Letter shall not be merged by and shall survive the execution of the Security Documents. In the event of a conflict between the terms of this Facility Letter and the terms of the Security Documents the terms of this Facility Letter shall prevail to the extent of such conflict.

The benefits conferred by this Facility Letter shall enure to the benefit of the Bank and its successors and assigns and shall be binding on the Borrower and Guarantors and their successors and permitted assigns.

Neither the Borrower nor the Guarantors shall assign all or any of its rights, benefits or obligations under this Facility Letter without the prior written consent of the Bank.

X. Waiver or Variation

No term or condition of the Facility Letter or any of the Security Documents may be waived or varied verbally or by any course of conduct of any officer, employee or agent of the Bank. All waivers must be in writing and signed by the waiving party.

Any amendment to the Facility Letter or the Security Documents must be in writing and signed by a duly authorized officer of the Bank.

XI. Consent and Acknowledgement to Collection, Use and Disclosure of Information

When it is necessary for providing products and services to the Borrower or any Guarantor, the Borrower and each Guarantor consents to the Bank obtaining from any credit reporting agency or from any person any information (including personal information) that the Bank may require at any time. The Borrower and each Guarantor also consent to the disclosure at any time by the Bank any information concerning the Borrower and any Guarantor to any credit grantor, to any credit reporting agency, or to the Bank's subsidiaries and affiliates. If applicable, the Borrower also authorizes the Bank to release the information contemplated by any builder's lien or similar legislation to all persons claiming a right to such information under such legislation. The Borrower and each Guarantor may refuse or withdraw these consents; however, this may result in the Bank cancelling or withholding products or services for which these consents are necessary. Unless each Guarantor advises the Bank otherwise, the Bank may use each Guarantor's social insurance number to help ensure accurate credit enquiries.

XII. Time of Essence

Time shall be of the essence of the Facility Letter.

XIII. Governing Law

This Facility Letter and, unless otherwise specified therein, all other documents or instruments delivered in accordance with this Facility Letter shall be governed by and interpreted in accordance with the laws of the Province of Alberta (the "Governing Jurisdiction") and the laws of Canada applicable therein. The Borrower and Guarantors irrevocably submit to the exclusive jurisdiction of the courts in the Governing Jurisdiction.

GENERAL SECURITY AGREEMENT

(British Columbia, Alberta, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island)

This General Security Agreement made as of the 10 day of, September, 2009

Between:

ADVANTAGE PRODUCTS INC. of 273 - 1919B 4th Street S.W., Calgary, Alberta T2S 1W4

(the "Debtor")

And:

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

407 - 8th Avenue S.W., Calgary, Alberta T2P 1E5

(the "Bank")

This is Exhibit C "referred to in the Affidavit of

Sworn before me this 30th day

of January, 2012

A Commissioner for Oaths in and for the Province of Alberta

Andrew M. Avery
Barrister & Solicitor

I Security

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

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

1.2.1 hereby grants to the Bank, by way of mortgage, charge, assignment and transfer, a security interest in all presently owned and hereafter acquired personal property of the Debtor of whatsoever nature and kind and wheresoever situate and all proceeds thereof and therefrom, renewals thereof, Accessions thereto and substitutions therefor, (all of which are herein collectively called the "Personal Property Collateral"), including, without limiting the generality of the foregoing, all the presently owned or held and hereafter acquired right, title and interest of the Debtor in and to all Goods (including all accessories, attachments, additions and Accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles (subject to Clause 1.2.2 hereof), Licences, Money, Securities, Investment Property and all:

(a) Inventory of whatsoever nature and kind and wheresoever situate;

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

1.2.2 hereby grants to the Bank, by way of mortgage and charge a security interest in all presently owned and hereafter acquired patents, trade-marks, copyrights, industrial designs and other intellectual property and all proceeds thereof and therefrom, renewals thereof, Accessions thereto and substitutions therefor (all of which is deemed to be included in the definition of "Personal Property Collateral" referred to in Clauses 1.2.1 and 1.3.2 hereof); and

1.2.3 hereby charges as and by way of a floating charge in favour of the Bank all the presently owned or held and hereafter acquired property, assets, effects and undertakings of the Debtor of whatsoever nature and kind and wheresoever situate, other than such of the property, assets, effects and undertakings of the Debtor as are validly and effectively subjected to the security interest granted to the Bank pursuant to clause 1.2.1, (all of which property, assets, effects and undertakings so charged by this clause 1.2.3 are herein collectively called the "Other Collateral") including, without limiting the generality of the foregoing, all presently owned or held and hereafter acquired right, title and interest of the Debtor in and to real and immovable and leasehold property and rights whether in fee or of a less estate and all interest in and rights relating to lands and all easements, rights of way, privilege, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held and all structures, buildings, plant, machinery, fixtures, apparatus and fixed assets and the charge created by this clause 1.2.3 shall be a floating charge such that the Debtor shall not have power without the prior written consent of the Bank to:

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

1.3 In this General Security Agreement:

- 1.3.1 any reference to "Premises" shall mean all property owned or leased by the Debtor;
- 1.3.2 the Personal Property Collateral and the Other Collateral are herein together called the "Collateral";

- 1.3.3 any reference to "Collateral" shall, unless the context otherwise requires, be deemed a reference to
"Collateral or any part thereof";
- 1.3.4 any reference to "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more corporations and, if more than one Debtor executes this General Security Agreement, this General Security Agreement shall apply and be binding upon each of them jointly and severally and all obligations hereunder shall be joint and several;
- 1.3.5 any reference to "Environmental Laws" shall mean any laws, regulations, orders, by-laws, permits or lawful requirements of any governmental authority with respect to environmental protection or regulating hazardous materials;
- 1.3.6 any reference to "General Security Agreement" shall, unless the context otherwise requires, be deemed a reference to this General Security Agreement as amended from time to time by written agreement together with the schedules hereto and any schedules added hereto pursuant to the provisions hereof;
- 1.3.7 any reference to "Hazardous Materials" shall mean any asbestos material, urea formaldehyde, explosives, radioactive materials, pollutants, contaminants, hazardous substances, corrosive substances, toxic substances, special waste or waste of any kind including, without limitation, compounds known as chlorobiphenyls and any substance the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of which into the environment is prohibited, controlled or licensed under Environmental Laws;
- 1.3.8 any reference to "PPSA" shall mean the Personal Property Security Act of the Province as amended from time to time, including any amendments thereto and any Act substituted therefor and amendments thereto;
- 1.3.9 any reference to the "Province" shall mean the Province of Alberta ;
and
- 1.3.10 the terms "Goods", "Chattel Paper", "Documents of Title", "Equipment", "Accounts" "Consumer Goods", "Instruments", "Intangibles", "Licences"(Alberta and British Columbia only), "Money", "Securities", "Investment Property", "Proceeds", "Inventory" and "Accessions" and other words and expressions which have been defined in the PPSA shall be interpreted in accordance with their respective meanings given in the PPSA (either in the singular or plural thereof), as the context requires unless otherwise defined herein or unless the context otherwise requires.
- 1.4 The Bank and the Debtor have not agreed to postpone the time for attachment of the security interests granted hereby.
- 1.5 The security interest in Consumer Goods hereby granted shall not become effective until, but shall become effective immediately when, the Bank notifies the Debtor in writing that it is effective.
- 1.6 The last day of the term of any lease held by the Debtor with respect to any of the Collateral is excluded from the security constituted by this General Security Agreement.

II Obligations Secured

- 2.1 The security constituted by this General Security Agreement is general and continuing security for payment, performance and satisfaction of each and every obligation, indebtedness and liability of the Debtor to the Bank (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and

howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety, (all of which obligations, indebtedness and liabilities are herein collectively called the "Obligations").

- 2.2 This General Security Agreement and the security constituted hereby are in addition to and not in substitution for any other security or securities which the Bank may now or from time to time hold or take from the Debtor or from any other person whomsoever.

III Representations and Warranties of the Debtor

- 3.1 The Debtor represents and warrants that, and, so long as this General Security Agreement remains in effect, shall be deemed to continuously represent and warrant that:

- 3.1.1 this General Security Agreement has been authorized, executed and delivered in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor and all other matters and things have been done and performed so as to authorize and make the execution and delivery of this General Security Agreement, the creation of the security constituted hereby and the performance of the Debtor's obligations hereunder, legal, valid and binding;
- 3.1.2 the Collateral is genuine and is owned by the Debtor free of all security interests, mortgages, liens, claims, charges and other encumbrances (herein collectively called "Encumbrances"), save for the security constituted by this General Security Agreement, those Encumbrances shown on the Encumbrance Schedule and those Encumbrances approved in writing by the Bank;
- 3.1.3 the Debtor has good and lawful authority to create the security in the Collateral constituted by this General Security Agreement;
- 3.1.4 each Debt, Chattel Paper and Instrument included in Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by the Debtor to the Bank from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defense, set off, claim or counterclaim against the Debtor which can be asserted against the Bank, whether in any proceeding to enforce the Collateral or otherwise;
- 3.1.5 with respect to Goods (including Inventory) comprised in the Collateral, the locations specified in the Location Schedule are accurate and complete (save for Goods in transit to such locations and Inventory on lease or consignment) and all fixtures or Goods about to become fixtures which form part of the Collateral will be situate at one of the locations specified in the Location Schedule;
- 3.1.6 none of the Premises are insulated with urea formaldehyde nor contain any asbestos material or underground tanks;
- 3.1.7 the Premises are free of any Hazardous Materials;
- 3.1.8 the Premises are not currently used in a manner, and, to the Debtor's knowledge, after having made due inquiry, no prior use has occurred, which is contrary to any laws, regulations, orders, bylaws, permits or lawful requirements of any Environmental Laws; and
- 3.1.9 there are no existing or threatened claims, actions, orders or investigations under any Environmental Laws against the Debtor or against the Premises;

- 3.1.10 the Debtor is the owner of any intellectual property applications and registrations and there are no outstanding claims of ownership by third parties in respect of these registrations and applications;
- 3.1.11 all intellectual property applications and registrations are valid and in good standing;
- 3.1.12 all trade-mark and industrial designs have been in continuous use and that the use has been proper in relation to the wares and/or services of Debtor;
- 3.1.13 only the Debtor has used the trade-marks, or if there are any third party users of the Debtor's trade-marks, such third party users are properly licensed to use such trademarks;
- 3.1.14 all assignments and other documents affecting intellectual property rights have been disclosed and provided to the Bank;
- 3.1.15 there are no outstanding or threatened claims or proceedings with respect to the intellectual property; and,
- 3.1.16 all necessary assignments and license agreements have been properly executed by the Debtor for use of third party intellectual property.

IV Covenants of the Debtor

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

- and not use the Collateral in violation of the provisions of this General Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- 4.1.6 carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral and, at the Bank's request, mark any and all such records and the Collateral so as to indicate the security constituted by this General Security Agreement;
- 4.1.7 forthwith pay:
- (a) all obligations to its employees and all obligations to others which relate to its employees when due, including, without limitation, all taxes, duties, levies, government fees, claims and dues related to its employees;
 - (b) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Bank may require; and
 - (c) all Encumbrances which rank or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement, other than the Encumbrances, if any, shown in the Encumbrance Schedule hereto and those approved in writing by the Bank;
- 4.1.8 prevent the Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an Accession to other property not covered by this General Security Agreement;
- 4.1.9 insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Bank shall reasonably direct (but in any event in accordance with prudent business practice and for not less than the full replacement cost thereof) with loss payable to the Bank and the Debtor, as insureds, as their respective interests may appear, and to pay all premiums for such insurance;
- 4.1.10 deliver to the Bank from time to time promptly upon request:
- (a) any Documents of Title, Instruments, Securities and Chattel Paper comprised in or relating to the Collateral;
 - (b) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
 - (c) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (d) all policies and certificates of insurance relating to the Collateral; and
 - (e) such information concerning the Collateral, the Debtor and Debtor's business and affairs as the Bank may reasonably require;
- 4.1.11 forthwith pay all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) which may be incurred by the Bank in:
- (a) inspecting the Collateral;
 - (b) negotiating, preparing, perfecting and registering this General Security Agreement and other documents, whether or not relating to this General Security Agreement;
 - (c) investigating title to the Collateral;
 - (d) taking, recovering, keeping possession of and insuring the Collateral;
 - (e) connection with any disclosure requirements under the PPSA; and

- (f) all other actions and proceedings taken in connection with the preservation of the Collateral and the confirmation, perfection and enforcement of this General Security Agreement and of any other security held by the Bank as security for the Obligations;
- 4.1.12 at the Bank's request at any time and from time to time create in favour of the Bank, as security for the Obligations, a fixed charge or charges upon any of the Other Collateral;
- 4.1.13 at the Bank's request at any time and from time to time execute and deliver such further and other documents and instruments and do all other acts and things as the Bank reasonably requires in order to give effect to this General Security Agreement or to confirm and perfect, and maintain perfection of, the security constituted by this General Security Agreement in favour of the Bank;
- 4.1.14 permit the Bank and its representatives, at all reasonable times, access to all the Debtor's property, assets and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection;
- 4.1.15 comply with the covenants, if any, set out in the Additional Covenants Schedule;
- 4.1.16 develop and use the Premises only in compliance with all Environmental Laws;
- 4.1.17 permit the Bank to investigate the Premises, any goods on the Premises and the Debtor's records at any time and from time to time to verify such compliance with Environmental Laws and this General Security Agreement;
- 4.1.18 upon the request of the Bank, obtain from time to time at the Debtor's cost a report from an independent consultant designated or approved by the Bank verifying compliance with Environmental Laws and this General Security Agreement or the extent of any non-compliance therewith;
- 4.1.19 not store, manufacture, dispose, treat, generate, use, transport, remediate or release Hazardous Materials on or from any of the Premises without notifying the Bank in writing;
- 4.1.20 promptly remove any Hazardous Materials from the Premises in a manner which conforms to Environmental Laws governing their removal; and,
- 4.1.21 notify the Bank in writing of:
- (a) any enforcement, clean-up, removal, litigation or other governmental, regulatory, judicial or administrative action instituted, contemplated or threatened against the Debtor or the Premises pursuant to any Environmental Laws;
 - (b) all claims, actions, orders or investigations, made or threatened by any third party against the Debtor or any of the Premises relating to damage, contribution, cost recovery, compensation, loss or injuries resulting from any Hazardous Materials or any breach of the Environmental Laws; and
 - (c) the discovery of any Hazardous Materials or any occurrence or condition on any of the Premises or any real property adjoining or in the vicinity of any of the Premises which could subject the Debtor or any of the Premises to any fines, penalties, orders or proceedings under any Environmental Laws;
- 4.1.22 apply to file applications and complete registrations on any present intellectual property which is not currently protected by an application or registration where commercially reasonable, including any and all improvements to intellectual property and apply to file registrations on unregistered trade-marks in Canada and the United States;

- 4.1.23 apply to file applications and complete registrations of all after acquired intellectual property in all jurisdictions where commercially reasonable;
- 4.1.24 keep up-to-date witnessed records regarding intellectual property;
- 4.1.25 enter into confidentiality agreements with employees and other third parties who may invent, create, discover, author and/or reduce to practice intellectual property for the Debtor and who may have access to confidential information of the Debtor;
- 4.1.26 ensure that all after acquired intellectual property obtained from third parties is properly acquired by way of a written license agreement or assignment;
- 4.1.27 provide, upon written request by the Bank, a list of all registered and unregistered trade-marks, patent applications, issued patents, copyright, industrial designs and other intellectual property; and,
- 4.1.28 mark all products and advertising appropriately to maintain the validity of all intellectual property rights.

V Payments and Proceeds

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

VI Bank Actions

- 6.1 The Debtor hereby authorizes the Bank to:
 - (a) file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying the Collateral or any permitted Encumbrances affecting collateral or identifying the locations at which the Debtor's business is carried on and the Collateral and records relating thereto are situate) as the Bank may deem appropriate to perfect and continue the security constituted hereby, to protect and preserve the Collateral and to realize upon the security constituted hereby and the Debtor hereby irrevocably constitutes and appoints the Bank the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient by the Bank; and
 - (b) make enquiries from time to time of any governmental authority with respect to the Debtor's compliance with Environmental Laws and the Debtor agrees that the Debtor will from time to time provide to the Bank with such written authorization as the Bank may reasonably require in order to facilitate the obtaining of such information.
- 6.2 The Bank may charge for its reasonable costs incurred in connection with any disclosure requirements under the PPSA.
- 6.3 If the Debtor fails to perform any of its Obligations hereunder, the Bank may, but shall not be obliged to, perform any or all of such Obligations without prejudice to any other rights and remedies of the Bank hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith shall be payable by the Debtor to the Bank forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall form part of the

Obligations and constitute a charge upon the Collateral in favour of the Bank prior to all claims subsequent to this General Security Agreement.

- 6.4 The Debtor covenants and agrees that the Bank may, but shall be under no obligation to, at any time or times as the Bank deems necessary and without the concurrence of the Debtor or any other person make such arrangements for the repairing, finishing and putting in order of the Premises, including, without limitation, such repairs, replacements and improvements as are necessary so that the Debtor and the Premises comply with Environmental Laws, and all reasonable costs, charges and expenses including an allowance for the time and services of the Bank, the Bank's servants or agents or any other person or persons appointed for the above purposes including, without limitation, the full amount of all legal fees, disbursements, costs, charges and expenses incurred by the Bank and any amount due hereunder shall be payable forthwith to the Bank, shall be deemed an advance to the Debtor by the Bank, shall be deemed to be Obligations, and shall bear interest at the highest rate per annum from time to time charged by the Bank on any of the other Obligations until paid.

VII Default

- 7.1 The Debtor shall be in default under this General Security Agreement, unless otherwise agreed in writing by the Bank, upon the occurrence of any of the following events:
- 7.1.1 the Debtor makes default in payment when due of any of the Obligations which are indebtedness or liabilities or the Debtor fails to perform or satisfy any other of the Obligations; or
 - 7.1.2 the Debtor is in breach of any term, condition, proviso, agreement or covenant to the Bank, or any representation or warranty given by the Debtor to the Bank is untrue, whether or not any such term, condition, proviso, agreement or covenant, representation or warranty is contained in this General Security Agreement; or
 - 7.1.3 the Debtor makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the Bankruptcy and Insolvency Act (Canada), the Companies Creditors' Arrangement Act (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
 - 7.1.4 there is instituted by or against the Debtor any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding-up of affairs of, the Debtor; or
 - 7.1.5 the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy; or
 - 7.1.6 a receiver, receiver and manager or receiver-manager of all or any part of the Collateral or of any other property, assets or undertakings of the Debtor is appointed; or
 - 7.1.7 any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or a distress or analogous process is levied upon the Collateral or any part thereof; or
 - 7.1.8 an order is made or an effective resolution is passed for winding-up the Debtor; or
 - 7.1.9 without the prior written consent of the Bank, the Debtor creates or permits to exist any Encumbrance against any of the Collateral which ranks or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement; or

- 7.1.10 the holder of any Encumbrance against any of the Collateral does anything to enforce or realize on such Encumbrance; or
 - 7.1.11 the Debtor enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person; or
 - 7.1.12 the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy; or
 - 7.1.13 any certificate, statement, representation, warranty or audit report herewith, heretofore or hereafter furnished by or on behalf of the Debtor to the Bank, whether in connection with this General Security Agreement or otherwise, and whether furnished as an inducement to the Bank to extend any credit to or to enter into this or any other agreement with the Debtor or not:
 - (a) proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified; or
 - (b) proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor;or, upon the date of execution of this General Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, statement, representation, warranty or audit report, which change was not disclosed to the Bank at or prior to the time of such execution.
- 7.2 For the purposes of Section 203 of the Land Title Act of British Columbia, the floating charge created by this General Security Agreement over land shall become a fixed charge thereon upon the earliest of:
- 7.2.1 the occurrence of an event described in any of clauses 7.1.3, 7.1.4, 7.1.5, 7.1.6, 7.1.7, or 7.1.8; or
 - 7.2.2 the Bank taking any action to enforce and realize on the security constituted by this General Security Agreement.

VIII Enforcement

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

- 8.3.3 preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Bank may deem advisable;
- 8.3.4 sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Bank may seem reasonable, provided that the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and
- 8.3.5 exercise all of the rights and remedies of a secured party under the PPSA.
- 8.4 A Receiver appointed pursuant to this General Security Agreement shall be the agent of the Debtor and not of the Bank and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Bank hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money either secured or unsecured, and if secured by a security on any of the Collateral, any such security may rank in priority to or *pari passu* with or behind the security constituted by this General Security Agreement, and if it does not so specify such security shall rank in priority to the security constituted by this General Security Agreement.
- 8.5 Subject to applicable law and the claims, if any, of the creditors of the Debtor ranking in priority to the security constituted by this General Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this General Security Agreement will be applied as the Bank, in its sole discretion, may direct as follows:
- Firstly:** in or toward payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Bank in connection with or incidental to:
- (a) the exercise by the Bank of all or any of the powers granted to it pursuant to this General Security Agreement; and
 - (b) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to the Receiver pursuant to this General Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- Secondly:** in or toward payment to the Bank of all principal and other monies (except interest) due in respect of the Obligations;
- Thirdly:** in or toward payment to the Bank of all interest remaining unpaid in respect of the Obligations; and
- Fourthly:** any surplus will be paid to the Debtor.

IIX Deficiency

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

X Rights Cumulative

- 10.1 All rights and remedies of the Bank set out in this General Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future general

security agreement or now or hereafter existing at law or in equity or pursuant to any other agreement between the Debtor and the Bank that may be in effect from time to time.

XXI Appointment of Attorney

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

XII Liability of Bank

- 12.1 The Bank shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Bank shall manage the Collateral upon entry of the business of the Debtor, as herein provided, nor shall the Bank be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss or realization or for any default or omission for which a mortgagee in possession may be liable.
- 12.2 The Bank shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Bank, in the case of Securities, Instruments or Chattel Paper, be obliged to reserve rights against other persons, nor shall the Bank be obliged to keep any of the Collateral identifiable.
- 12.3 The Bank shall not be obliged to inquire into the right of any person purporting to be entitled under the PPSA to information and materials from the Bank by making a demand upon the Bank for such information and materials and the Bank shall be entitled to comply with such demand and shall not be liable for having complied with such demand notwithstanding that such person may in fact not be entitled to make such demand.
- 12.4 The Debtor will indemnify the Bank and hold the Bank harmless from and against any and all claims, costs, losses, demands, actions, causes of action, lawsuits, damages, penalties, judgments and liabilities of whatsoever nature and kind in connection with or arising out of any representation or warranty given by the Debtor, being untrue, the breach of any term, condition, proviso, agreement or covenant to the Bank, or the exercise of any of the rights and or remedies of the Bank, or any transaction contemplated in this General Security Agreement.
- 12.5 The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Bank than provided in this General Security Agreement.
- 12.6 The Debtor shall indemnify, reimburse and save harmless the Bank, any receiver, its directors, officers, employees, agents, and successors and assigns, from any and all liabilities, actions, damages, claims, losses, costs and expenses whatsoever (including without limitation, the full amount of all legal fees, costs, charges and expenses and the cost of removal, treatment, storage and disposal of any Hazardous Materials and remediation of the Premises) which may be paid, incurred or asserted against the Bank for, with respect to or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Premises or into or upon any other land, the atmosphere or any watercourse, body of water or wetland of any Hazardous Materials.
- 12.7 Any amount owing by the Debtor hereunder shall, from the date of disbursement until the date the Bank receives reimbursement, be deemed advanced to the Debtor by the Bank, shall be

deemed to be Obligations and shall bear interest at the highest rate per annum from time to time charged by the Bank on any of the other Obligations until paid.

- 12.8 The Debtor agrees that the indemnity obligations hereunder shall survive the release of the security of this General Security Agreement and the payment and satisfaction of the indebtedness and liabilities hereby secured.

XIII Appropriation of Payments and Offset

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

XIV Liability to Advance, Etc.

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

XV Waiver

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

XVI Extensions

- 16.1 The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security, and otherwise deal with the Debtor, Account Debtors of the Debtor, sureties and others and with the Collateral and other security as the Bank may see fit without prejudice to the liability of the Debtor or the Bank's right to hold and realize on the security constituted by this General Security Agreement.

XVII Assignment

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

XVIII Satisfaction and Discharge

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

XIX No Merger

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

XX Interpretation

20.1 In this General Security Agreement:

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

XXI Notice

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

XXII Variation

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

XXIII Enurement

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

XXIV Copy of Agreement and Financing Statement

24.1 The Debtor hereby:

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

XXV Governing Law

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

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

Officer Signature(s)

Officer Signature

Name _____

Address

(For Individual)

Officer Signature

Name _____

Address

Y	M	D
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Debtor(s) Signature(s)

(Corporation Name) by its authorized signatories

Signature

Name

Title

Signature

Name

Title

Debtor Signature

Name

15.

FOR ALBERTA, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR
(For Corporation)

ADVANTAGE PRODUCTS INC.
Name of Corporation

Per: *James Weber*
Signature

James Weber
Name

President and CEO
Title

Per: _____
Signature

Name

Title

C/S

FOR INDIVIDUAL

Per: _____
Signature of Witness

Name

Address

Occupation

DEBTOR'S SIGNATURE

Signature of Debtor

Name

Encumbrance Schedule

Prior Encumbrances:

NONE

Location Schedule

Address(es) for Location of the Collateral

273 - 1919B 4th Street S.W.
Calgary, Alberta T2S 1W4

4300 - 118 Avenue S.E.
Calgary, Alberta T2Z 4A4

Additional Covenants Schedule

Additional Covenants of the Debtor further to Clause 4.1.15

NONE

Search ID#: Z09906654

Transmitting Party

BISHOP & MCKENZIE LLP

2200, 555-4 Avenue SW
CALGARY, AB T2P 3E7

Party Code: 50060011

Phone #: 403 237 5550

Reference #: 31322-178

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.

This is Exhibit " D " referred to in the
Affidavit of Cameron Bailey
Sworn before me this 30th day
of January, A.D., 2018
Andrew M. Avery
A Commissioner for Oaths and for
the Province of Alberta

Andrew M. Avery
Barrister & Solicitor



Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 09092208604

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-22

Registration Status: Current

Expiry Date: 2024-Sep-22 23:59:59

Exact Match on: Debtor

No: 1

Amendments to Registration

14082824233

Renewal

2014-Aug-28

Debtor(s)

Block

Status

1 ADVANTAGE PRODUCTS INC.
273 - 1919B 4TH STREET SW
CALGARY, AB T2S 1W4

Current

Secured Party / Parties

Block

Status

1 HSBC BANK CANADA
407 - 8TH AVENUE SW
CALGARY, AB T2P 1E5

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 09092208697

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-22

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 ADVANTAGE PRODUCTS INC.
273 - 1919B 4TH STREET SW
CALGARY, AB T2S 1W4

Current

Secured Party / Parties

Block

Status

1 HSBC BANK CANADA
407 - 8TH AVENUE SW
CALGARY, AB T2P 1E5

Current

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 15101635731

Registration Type: SECURITY AGREEMENT

Registration Date: 2015-Oct-16

Registration Status: Current

Expiry Date: 2021-Oct-16 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 ADVANTAGE PRODUCTS INC.
RR 2 SITE 7 COMP 55
DIDSBURY, AB T0M0W0

Current

Secured Party / Parties

Block

Status

1 ROYNAT INC.
SUITE 1500, 4710 KINGSWAY ST.
BURNABY, BC V5H4M2

Current

Collateral: General

Block

Description

Status

1 WIRE EDM(S), CNC MACHINERY, CNC EQUIPMENT, ELECTRICAL DISCHARGE
MACHINE(S) TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS
REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO AND
ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY
SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE
PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS
OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL

Current

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 16071202931

Registration Type: SECURITY AGREEMENT

Registration Date: 2016-Jul-12

Registration Status: Current

Expiry Date: 2021-Jul-12 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 ADVANTAGE PRODUCTS INC.
UNIT 11, 31264 HIGHWAY 2A
DIDSBURY, AB T0M 0W0

Current

Secured Party / Parties

Block

Status

1 EXPORT DEVELOPMENT CANADA
150 SLATER STREET
OTTAWA, ON K1A 1K3

Current

Collateral: General

Block

Description

Status

1 ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY

Current

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 17061323910

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Jun-13

Registration Status: Current

Expiry Date: 2019-Jun-13 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	ADVANTAGE PRODUCTS INC. RR2 SITE 7 COMP 55 DIDSBURY, AB T0M 0W0	Current
---	---	---------

Secured Party / Parties

Block

Status

1	FORD CREDIT CANADA COMPANY PO BOX 2400 EDMONTON, AB T5J 5C7	Current
---	---	---------

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1ZVBP8CU3D5201575	2013	FORD MUSTG	MV - Motor Vehicle	Current

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 17061522656

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Jun-15

Registration Status: Current

Expiry Date: 2022-Jun-15 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	ADVANTAGE PRODUCTS INC. RR2 SITE 7 COMP 55 DIDSBURY, AB T0M 0W0	Current
---	---	---------

Secured Party / Parties

Block

Status

1	FORD CREDIT CANADA COMPANY PO BOX 2400 EDMONTON, AB T5J 5C7	Current
---	---	---------

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1FT8W4DT0HED37957	2017	FORD F450	MV - Motor Vehicle	Current

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 17061609144

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Jun-16

Registration Status: Current

Expiry Date: 2020-Jun-16 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	ADVANTAGE PRODUCTS INC ROUTE 2 COMP 55 SITE 7 DIDSBURY, AB T0M 0W0	Current
---	--	---------

Secured Party / Parties

Block

Status

1	ROYAL BANK OF CANADA 10 YORK MILLS ROAD 3RD FLOOR TORONTO, ON M2P 0A2	Current
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Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1C6RR7YT4HS702186	2017	RAM 1500	MV - Motor Vehicle	Current

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 17080818365

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Aug-08

Registration Status: Current

Expiry Date: 2022-Aug-08 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	ADVANTAGE PRODUCTS INC SITE 7 2 COMP 55 DIDSBURY, AB T0M 0W0	Current
---	--	---------

Secured Party / Parties

Block

Status

1	ROYAL BANK OF CANADA 10 YORK MILLS ROAD 3RD FLOOR TORONTO, ON M2P 0A2	Current
---	---	---------

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1C6RR7NM6GS313691	2016	RAM 1500	MV - Motor Vehicle	Current

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 17101716003

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Oct-17

Registration Status: Current

Expiry Date: 2023-Oct-17 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	ADVANTAGE PRODUCTS INC. 243 1919B 4 STREET SW CALGARY, AB T2S 1W4	Current
---	---	---------

Secured Party / Parties

Block

Status

1	NATIONAL LEASING GROUP INC. 1525 BUFFALO PLACE WINNIPEG, MB R3T 1L9 Phone #: 204 954 9000 Fax #: 204 954 9099	Current
---	---	---------

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	TX65KA00066	2017	TYM TY65SL LOADER	MV - Motor Vehicle	Current
2	65SK00042	2017	TYM T654PS TRACTOR	MV - Motor Vehicle	Current

Collateral: General

Block

Description

Status

1	ALL CONSTRUCTION EQUIPMENT-LOADER, BUCKET, AUGER, TRACTOR, MOWER OF EVERY NATURE OR KIND DESCRIBED IN AGREEMENT NUMBER 2839253, BETWEEN THE SECURED PARTY AND THE DEBTOR, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.	Current
---	---	---------

Search ID#: Z09906654

Particulars

<u>Block</u>	<u>Additional Information</u>
1	Purchase Money Security Interest.

Status

Current

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 17102525422

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Oct-25

Registration Status: Current

Expiry Date: 2021-Oct-25 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	ADVANTAGE PRODUCTS INC. 243 1919B 4ST SW, CALGARY, AB T2S1W4	Current
---	--	---------

Secured Party / Parties

Block

Status

1	NATIONAL LEASING GROUP INC. 1525 BUFFALO PLACE WINNIPEG, MB R3T 1L9 Phone #: 204 954 9000 Fax #: 204 954 9099	Current
---	---	---------

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	5NHUTWZ25JF710751	2018	CONTINENTAL TAILWIND CARG	TR - Trailer	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	Tailwind Cargo TRAILER AND related components; AGREEMENT #2842423	Current

Particulars

<u>Block</u>	<u>Additional Information</u>	<u>Status</u>
1		Current

Search ID#: Z09906654

Purchase Money Security Interest.

Search ID#: Z09906654

Business Debtor Search For:

ADVANTAGE PRODUCTS INC.

Search ID #: Z09906654

Date of Search: 2018-Jan-24

Time of Search: 15:44:31

Registration Number: 17102725463

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Oct-27

Registration Status: Current

Expiry Date: 2022-Oct-27 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 ADVANTAGE PRODUCTS INC.
SITE 7 RR2 COMP 55
DISBURY, AB T0M 0W0

Current

Block

Status

2 WEBER, JAMES
5 31445 UPPER MACLURE RD
ABBOTSFORD, BC V2T 5S2

Current

Secured Party / Parties

Block

Status

1 FRASER CITY MOTORS LTD, DBA LANGLEY CHRYSLER
19418 LANGLEY BY-PASS
SURREY, BC V3S 7R2

Current

Collateral: Serial Number Goods

Block

Serial Number

Year

Make and Model

Category

Status

1 1C6RR7JM3FS771418 2015 DODGE RAM 1500 MV - Motor Vehicle Current

Search ID#: Z09906654

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address

Reg. #

ADVANTAGE ENTERPRISES LTD.
303 MACLEOD TRAIL
CALGARY, AB T2G0A3

03032734778

BANKRUPTCY / PROPOSAL

Debtor Name / Address

Reg. #

ADVANTAGE PRODUCTS
SITE 7, RR2, COMP 55
DIDSBURY, AB T0M 0W0

17121224425

SECURITY AGREEMENT

Result Complete



June 14, 2016

Advantage Products Inc.
RR 2, Site 7, Comp 55
Didsbury, Alberta
T0M 0W0

This is Exhibit " E " referred to in the
Affidavit of Cameron Bailey
Sworn before me this 30th day
of January D., 20 16
Andrew M. Avery
A Commissioner for Oaths in and for
the Province of Alberta

Attention: Mr. James Weber & Mr. Lynn Tessier

Andrew M. Avery
Barrister & Solicitor

Dear Sirs:

HSBC Bank Canada (the "Bank") is pleased to offer the following amended credit facilities (the "Loan(s)") on the terms and conditions set out below. The terms and conditions contained in the Schedule are incorporated by reference into and form an integral part of this Facility Letter.

Borrower

Advantage Products Inc. (the "Borrower").

1. **Operating Loan**

1.1 **Amount:**

CAD 700,000 (previously CAD 1,500,000) demand revolving loan (the "Operating Loan").

1.2 **Purpose:**

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

1.3 **Availability:**

Available by way of account overdraft following satisfaction of the Conditions Precedent. The Borrower shall ensure that the amount advanced and outstanding under the Operating Loan shall at no time exceed the Margin Requirement, as calculated by the Bank, being the aggregate of:

- (i) 75% of Acceptable Receivables; plus
- (ii) 90% of insured trade receivables, subject to maximums in insurance certificate; plus
- (ii) the lesser of 50% of Acceptable Inventory and CAD 350,000 (previously CAD 750,000); minus
- (iii) Priority Claims.

1.4 **Repayment:**

All amounts outstanding under the Operating Loan shall be repaid on demand by the Bank and, unless and until otherwise demanded, interest shall be paid at the rate set out below and in the manner provided in the attached Schedule.

1.5 Interest and Fee:

- (a) Interest shall be paid at the Bank's Prime Rate plus 2.25% (*previously Bank's Prime Rate plus 1.75%*) per annum.
- (b) Monthly administration fee of CAD 150.
- (c) **The Borrower shall pay a forbearance fee of CAD 1,000.**

2. Capital Loan

2.1 Amount:

CAD 0 demand non-revolving loan (the "Capital Loan").

2.2 Purpose:

To assist in financing 75% the acquisition of a new fixed assets by the Borrower.

2.3 Availability:

The Capital Loan has been repaid in full and subsequently cancelled.

2.4 Repayment:

The Capital Loan has been repaid in full.

3. Capital Loan #2

3.1 Amount:

CAD 33,333 demand non-revolving loan (the "Capital Loan #2")

3.2 Purpose:

To assist in financing research and development of the TorqDrive and to provide additional working capital.

3.3 Availability:

The Capital Loan #2 has been fully advanced.

3.4 Repayment:

All amounts outstanding under the Capital Loan #2 shall be repaid on demand by the Bank, and unless and until otherwise demanded, interest shall be paid at the rate set out below and in the manner provided in the attached Schedule.

The Capital Loan #2 shall be repaid in consecutive monthly installments of principal plus interest, based on a 36-month amortization period. In any event, the Capital Loan #2 shall be fully repaid by January 29, 2017.

3.5 Interest and Fees:

- (a) Interest shall be paid at the Bank's Prime Rate plus 2.35% per annum (*previously Prime + 1.85%*);

4. Capital Loan #3

4.1 Amount:

CAD 54,167 demand non-revolving loan (the "Capital Loan #3")

4.2 Purpose:

To assist in financing the purchase of a single 'Haas ST-40 CNC Lathe' machine;

4.3 Availability:

The Capital Loan #3 has been fully advanced.

4.4 Repayment:

All amounts outstanding under the Capital Loan #3 shall be repaid on demand by the Bank and, unless and until otherwise demanded, interest shall be paid at the rates set out below and in the manner provided in the attached Schedule, together with principal repayments based on an amortization period of 36 months on the last day of each month following the month in which the respective advance under the Capital Loan #3 is made. The Capital Loan #3 shall, in any event, be repaid in full by June 30, 2017.

4.5 Interest and Fees:

- (a) Interest shall be paid at the Bank's Prime Rate plus 2.35% per annum (*previously Prime + 1.85%*);

5. Corporate MasterCard Facility

5.1 Amount:

CAD 50,000 corporate MasterCard facility (the "Corporate MasterCard Facility")

5.2 Purpose:

The Corporate MasterCard Facility shall be used by the Borrower to issue Corporate MasterCard's to employees for sundry business expenses up to a combined maximum limit of CAD 50,000.

6. Security

6.1 Security Documents:

The liability, indebtedness and obligations of the Borrower under the Loans and this Facility Letter shall be evidenced, governed and secured, as the case may be, by the following documents (the "Security Documents") completed in form and manner satisfactory to the Bank's or its solicitors:

- (a) line of credit by way of current account overdraft agreement executed by the Borrower;

- (b) general security agreement creating a first priority security interest in all present and after acquired personal property of the Borrower and a floating charge over all of the Borrower's present and after acquired real property;
- (c) MasterCard Indemnity;
- (d) assignment by the Borrower to the Bank of all risk insurance (including extended coverage endorsement) in amounts and from an insurer acceptable to the Bank, on all of the Borrower's real and personal property including, without limitation, lands, buildings, equipment and inventory owned by the Borrower, showing the Bank as first loss payee by way of standard mortgage endorsement;
- (e) all supporting certificates and opinions as the Bank may reasonably require;
- (f) such other documents as the Bank may reasonably request in order to register or otherwise perfect the documents listed above.

6.2 Registration:

The Security Documents will be registered in all jurisdictions and at all registries or public office as the Bank may determine necessary or beneficial to perfect or protect its interest under the Security Documents. The Security Documents shall rank in priority to all other mortgages, charges, liens, encumbrances and security interests unless otherwise specifically agreed to in writing by the Bank.

7. Conditions Precedent

The conditions precedent to the Bank's obligation to the advance of the Loans and to the continued availability of the Loans are set out in Section IV of the attached Schedule to this Facility Letter (the "Conditions Precedent").

8. Borrower's Covenants and Conditions

The Borrower covenants and agrees with the Bank that, so long as any portion of the Loans or any indebtedness or liabilities of the Borrower under this Facility Letter remain outstanding, it shall not, without the prior written consent of the Bank:

- (a) Permit its ratio of current assets to current liabilities to be less than 1.25 to 1.00. Current assets and current liabilities are as defined as per Canadian GAAP. Current liabilities do not include current portion of long term debt & one-half of bonus payable. The ratio will be tested on an monthly basis;
- (b) Permit its ratio of debt to tangible net worth to at any time exceed 2.50 to 1.00. Debt is defined as total liabilities as per Canadian GAAP less future taxes, shareholder loans if postponed to the Bank. Tangible Net Worth is defined as the aggregate of shareholders equity as per Canadian GAAP plus postponed loans, less intangible assets & goodwill. The ratio will be tested on a monthly basis;
- (c) Permit its ratio of Debt Service Coverage ratio to reduce below 1.25 to 1.00 calculated & tested on an annual basis.

The Debt Service ratio shall be calculated as EBITDA divided by annual Debt Service Requirements. "Debt Service Requirements" means the sum of all interest & principal payments paid by the Borrower on all Bank and Third Party Indebtedness.

Based on the information, representations and documents provided to the Bank, the Borrower acknowledges that the ratio of Debt Service Coverage was found to be in breach for the fiscal year ended October 31, 2015. At the request of the Borrower, the Bank has agreed to forbear from making demand or taking any action arising from this breach, on the condition that the Borrower also acknowledges and agrees that forbearance herein should not be interpreted to extend or affect any subsequent breaches arising under the Bank's security, and such forbearance should not constitute a waiver of default.

The Borrower agrees that the foregoing financial tests shall be calculated by the Bank using financial statements of the Borrower or with such other statements as the Bank may agree to use from time to time.

9. **Financial Statements and Reports**

The Borrower shall deliver to the Bank the following:

- (a) Monthly, within 30 days of each calendar month end:
 - (i) aged list of accounts receivable of the Borrower;
 - (ii) aged list of accounts payable of the Borrower;
 - (iii) declaration of inventory and priority payables in accordance with the Bank's format;
 - (iv) internally-prepared financial statements (balance sheet and income statement) for the Borrower;
- (b) Annually, within 90 days of the Borrower's fiscal year end:
 - (i) Review Engagement financial statements for the Borrower;
 - (ii) *pro forma* financial statements, cash flow statement and budget for the following fiscal year of the Borrower;
- (d) Additional financial statements and information as and when requested by the Bank.

10. **Periodic Review and Cancellation**

Without limiting the Bank's right to demand repayment of the Loan(s) at any time, the Loan(s) shall be subject to periodic review by the Bank as and when determined by the Bank in its discretion. Any unadvanced portion of the Loan(s) shall be automatically cancelled upon demand being made by the Bank for repayment of the amount outstanding under the Loan(s). The Loan(s) under this Facility Letter are uncommitted and, notwithstanding any other provision of this Facility Letter, the Bank may, at any time, in its sole discretion, (i) on same day notice to the Borrower, terminate the Borrower's right to make requests for the Loan(s) hereunder, and (ii) even if the amounts available under the Loan(s) has not terminated, decline any request for the Loan(s).

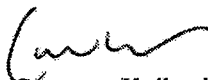
11. Acceptance

The terms and conditions of this Facility Letter may be accepted by signing, dating and returning the enclosed duplicate copy of this Facility Letter signed by each Borrower and Guarantor(s) to the Bank by 5:00 pm on June 27, 2016. Failing such acceptance, this offer will automatically expire and shall be of no further force or effect.

Yours truly,
HSBC BANK CANADA



Sean Cochrane
Account Manager
Energy Financing



Cameron Kolbuch
Assistant Vice President
Energy Financing

The undersigned hereby acknowledges and agrees to the terms and conditions of this Facility Letter this 29 day of June 2016.

THE BORROWER:
ADVANTAGE PRODUCTS INC.

PER: Vincent Crosby
NAME: VINCENT CROSBY
TITLE: CEO

PER: _____
NAME: _____
TITLE: _____

**SCHEDULE TO FACILITY LETTER
FROM HSBC BANK CANADA
TO ADVANTAGE PRODUCTS INC.
DATED JUNE 14, 2016**

This Schedule shall form part of the Facility Letter and the Loan(s) as described in the Facility Letter shall also be subject to the following terms and conditions:

I. Definitions

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

"Acceptable Inventory" means the value, determined by the Bank from its review of the most recent financial statements and inventory declaration provided by the Borrower, based on the lower of cost and fair market value of all materials owned by the Borrower for resale or for production of goods for resale **related to the Torqstopper & Rod Coupler product lines only**, excluding work in progress, and over which the Bank holds a first mortgage, first ranking transfer or first security interest, subject only to Priority Claims;

"Acceptable Receivables" means the aggregate of accounts receivable of the Borrower domiciled in Canada and the USA, determined by the Bank from its review of the most recent financial statements and aged listing of accounts receivable of the Borrower, over which the Bank holds a first assignment or first security interest, subject only to Priority Claims from customers approved by the Bank which have been outstanding for not more than 90 days, from which shall be excluded accounts receivable from affiliated corporations and accounts which are disputed by the Borrower's customers or are subject to set-off. **Accounts receivable of the Borrower from Weatherford, which have not been outstanding for more than 120 days, shall be considered Acceptable Receivables;**

"Bank's Prime Rate" means the variable annual rate of interest established and adjusted by the Bank from time to time as its reference rate for purposes of determining rates of interest it will charge on loans denominated in Canadian dollars and which was 2.70% on June 14, 2016. A certificate of a manager or account manager of the Bank shall be *prima facie* evidence of the Bank's Prime Rate from time to time;

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

"Governmental Authority" means any governmental, legislative, or regulatory authority, agency, commission, board or any court, tribunal or other law, regulation or bill making entity having or purporting to have jurisdiction on behalf of any nation, province or city;

"Guarantor(s)" means the party or parties who have or are to execute a guarantee or guarantees of the indebtedness of the Borrower under or in connection with this Facility Letter and the Security Documents;

"Legal Requirement" means all laws, statutes, codes, ordinances, orders, awards, judgments, decrees, injunctions, rules, regulations, authorizations, consents, approvals, orders, permits, franchises, licences, directions and requirements of any Governmental Authority or otherwise;

"Off-Balance Sheet Arrangements" means any transaction, agreement or other contractual arrangement between the Borrower and an entity that is not consolidated on the Borrower's financial statements, under which the Borrower may have: (i) any obligation under a direct or indirect guarantee or similar arrangement;

(ii) a retained or contingent interest in assets transferred to an unconsolidated entity, (iii) derivatives, to the extent that the financial statements do not fully reflect fair value thereof as a liability or asset; or (iv) any obligation or liability, including a contingent obligation or liability, to the extent that it is not fully reflected in the Borrower's financial statements;

"Priority Claims" means any lien, claim, charge, security interest, trust claim, right or encumbrance of any Governmental Authority or other party (whether arising under any statute, law, contract or otherwise) having priority over the Security Documents and the mortgage, charge and security interest of the Bank in any of the inventory or accounts receivable of the Borrower.

II. Representations and Warranties

If a corporation, the Borrower and each Guarantor represents and warrants, as at the time of drawing under or other utilization of the Loan(s), that:

- (a) it has been duly incorporated and organized, is properly constituted, is in good standing and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;
- (b) the execution of the Facility Letter and the Security Documents and the incurring of liability and indebtedness to the Bank does not and will not contravene:
 - i) any Legal Requirement applicable to the Borrower and each Guarantor, respectively; or
 - ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which the Borrower and each Guarantor, respectively, is a party;
- (c) the Facility Letter and the Security Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and each Guarantor, and constitute valid and binding obligations of the Borrower and each Guarantor, as the case may be, and are enforceable in accordance with their respective terms;
- (d) all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the Loan(s) and the execution and delivery of the Security Documents.

Each of the Borrower and the Guarantor(s) also represents and warrants to the Bank that all financial and other information provided to the Bank in connection with the Loan(s) is true and accurate, and acknowledges that the offer of credit contained in the Facility Letter is made in reliance on the truth and accuracy of this information and the above representations and warranties.

III. Interest, Fees, Payment and Rights

- (a) Interest on the daily balance of the principal amount advanced under the Loan(s) and remaining unpaid from time to time shall be payable by the Borrower as set out in the Facility Letter both before and after demand, maturity, default and judgment;
- (b) Each Loan shall bear interest from the date of advance at the variable annual rate of interest set out in this Facility Letter and shall accrue daily on the basis of a year of 365 days compounded monthly and payable on the last day of each month;
- (c) The fees collected by the Bank shall be its property as consideration for the time, effort and expense incurred by it in the review and administration of documents and financial statements, and the

Borrower acknowledges and agrees that the determination of these costs is not feasible and that the fees set out in the Facility Letter represent a reasonable estimate of such costs;

- (d) Any amounts which become payable to the Bank under the Facility Letter or the Security Documents and which are not paid when due shall accrue interest and be payable from the due date at the rate and manner stipulated for the Loan(s) first described in the Facility Letter, if no other interest rate is expressed for such amounts;
- (e) All payments by the Borrower to the Bank shall be made at the address of the branch of the Bank set out on the first page of the Facility Letter or at such other place as the Bank may specify in writing from time to time. Any payment delivered or made to the Bank by 1:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made afterwards shall be credited as of the next day on which the said branch is open for business;
- (f) Notwithstanding anything to the contrary contained in the Facility Letter, the Bank may, in its discretion, make an advance under the Loan(s) to pay any unpaid interest or fees which have become due under the terms of the Facility Letter;
- (g) The Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Loan(s), and interest, fees and other amounts due in connection with the Loan(s), in an account of the Borrower maintained by the Bank shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under the Loan(s); provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with the terms and conditions of the Loan(s) shall not be affected by the failure of the Bank to make such recording. The Borrower also acknowledges being indebted to the Bank for principal amounts shown as outstanding from time to time in the Bank's account records, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of this Facility Letter;
- (h) The obligation of the Borrower to make all payments under the Facility Letter and the Security Documents shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:
 - (i) any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Bank or anyone else for any reason whatsoever; or
 - (ii) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower.
- (i) In addition to and not in limitation of any rights now or hereafter available to the Bank whether under applicable law or arising in the Security Documents, the Bank is authorized, at any time and from time to time, upon delivery of written notice to the Borrower to set-off and appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing by the Bank to or for the credit of the Borrower against and on account of the obligations and liabilities of the Borrower to the Bank under this Facility Letter. The Bank agrees to provide written notice of the exercise of any of the rights under this section immediately after the exercise of such rights.
- (j) The remedies, rights and powers of the Bank under this Facility Letter, the Security Documents and at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank and no delay or omission in exercise of any such remedy, right or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

IV. Conditions Precedent

In addition to the Conditions Precedent previously set out, it shall also be a condition precedent to the initial advance and continued availability of the Loan(s) that the Bank shall have received:

- (a) The Security Documents completed and, where necessary, registered in form and manner satisfactory to the Bank's solicitors;
- (b) Satisfactory bankers' and/or other agency reports on the financial position of the Borrower, the Guarantor(s) and such customers of the Borrower as the Bank may specify from time to time;
- (c) Verification of insurance arranged by the Borrower conforming to the Bank's requirements;
- (d) If deemed necessary by the Bank, an environmental questionnaire, including site profile, and environmental site investigation report for the Lands prepared by an environmental consultant satisfactory to the Bank, in each case in form and content acceptable to the Bank;
- (e) confirmation that the Borrower is in compliance with each of the terms and conditions of the Facility Letter.

V. Borrower's Covenants and Conditions

In addition to the conditions previously set out, the following conditions shall apply until the Loan(s) are repaid in full and cancelled:

- (a) The Borrower shall not, without the prior written consent of the Bank:
 - (i) grant or allow any lien, charge, security interest, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets, and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
 - (ii) become guarantor or endorser or otherwise become liable upon any note or other obligation other than in the normal course of business of the Borrower;
 - (iii) declare or pay dividends on any class or kind of its shares, repurchase or redeem any of its shares or reduce its capital in any way whatsoever or repay any shareholders' advances;
 - (iv) amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change of control of the Borrower;
 - (v) permit any property taxes or strata fees to be past due at any time.
- (b) The Bank shall have the right to waive the delivery of any Security Documents or the performance of any term or condition of the Facility Letter, and may advance all or any portion of the Loan(s) prior to satisfaction of any of the Conditions Precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of performance of such obligation or condition in the future;
- (c) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently;

VI. Environmental Matters

- (a) To the best of the Borrower's knowledge after due and diligent inquiry, no regulated, hazardous or toxic substances are being stored on any of the Borrower's lands, facilities or premises (the

"Premises") or any adjacent property, nor have any such substances been stored or used on the Premises or in the Borrower's business or any adjacent property prior to the Borrower's ownership, possession or control of the Premises. The Borrower agrees to provide written notice to the Bank immediately upon the Borrower becoming aware that the Premises or any adjacent property are being or have been contaminated with regulated, hazardous or toxic substances. The Borrower shall not permit any activities on the Premises that directly or indirectly could result in the Premises or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of the Facility Letter, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial or local statute, regulation or ordinance now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance;

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

VII. Bank Visits

Representatives of the Bank shall be entitled to attend at the Borrower's business premises and to view all financial records of the Borrower at any time, on reasonable notice.

VIII. Legal and Other Expenses

The Borrower shall pay all reasonable legal fees and disbursements (on a solicitor and own client basis) in respect of the Loan(s), the preparation, issue and registration of the Security Documents and the enforcement and preservation of the Bank's rights and remedies under this Facility Letter and the Security Documents, and all reasonable fees and costs for appraisals, insurance consultation, credit reporting and responding to demands of any government or any agency or department thereof, whether or not the documentation is completed or any funds are advanced under the Loan(s).

IX. Non-Merger and Non-Assignment

This Facility Letter shall, on execution by the Borrower and each Guarantor, replace all previous facility letters from the Bank to the Borrower with respect to the Loan(s). Any existing loan to the Borrower shall be modified, not refinanced, without novation of the Borrower's existing facilities or obligations, by virtue of the Facility Letter unless otherwise provided in the Facility Letter. The terms and conditions of the Facility Letter shall not be merged by and shall survive the execution of the Security Documents. In the event of a conflict

between the terms of this Facility Letter and the terms of the Security Documents the terms of this Facility Letter shall prevail to the extent of such conflict.

The benefits conferred by this Facility Letter shall enure to the benefit of the Bank and its successors and assigns and shall be binding on the Borrower and Guarantor(s) and their successors and permitted assigns.

Neither the Borrower nor the Guarantor(s) shall assign all or any of its rights, benefits or obligations under this Facility Letter without the prior written consent of the Bank.

X. Waiver or Variation

No term or condition of the Facility Letter or any of the Security Documents may be waived or varied verbally or by any course of conduct of any officer, employee or agent of the Bank. All waivers must be in writing and signed by the waiving party.

Any amendment to the Facility Letter or the Security Documents must be in writing and signed by a duly authorized officer of the Bank.

XI. Consent and Acknowledgement to Collection, Use and Disclosure of Information

When it is necessary for providing products and services to the Borrower or any Guarantor, **the Borrower and each Guarantor consents to the Bank obtaining from any credit reporting agency or from any person any information (including personal information) that the Bank may require at any time.** The Borrower and each Guarantor also consent to the disclosure at any time by the Bank any information concerning the Borrower and any Guarantor to any credit grantor, to any credit reporting agency, or to the Bank's subsidiaries and affiliates. If applicable, the Borrower also authorizes the Bank to release the information contemplated by any builder's lien or similar legislation to all persons claiming a right to such information under such legislation. The Borrower and each Guarantor may refuse or withdraw these consents; however, this may result in the Bank canceling or withholding products or services for which these consents are necessary. Unless each Guarantor advises the Bank otherwise, the Bank may use each Guarantor's social insurance number to help ensure accurate credit enquiries.

XII. Time of Essence

Time shall be of the essence of the Facility Letter.

XIII. Governing Law

This Facility Letter and, unless otherwise specified therein, all other documents or instruments delivered in accordance with this Facility Letter shall be governed by and interpreted in accordance with the laws of the Province of Alberta (the "Governing Jurisdiction") and the laws of Canada applicable therein. The Borrower and Guarantor(s) irrevocably submit to the exclusive jurisdiction of the courts in the Governing Jurisdiction.

THIS FORBEARANCE AGREEMENT ("Agreement") effective the 31st day of October, 2016.

BETWEEN:

HSBC BANK CANADA
("HSBC")

- and -

ADVANTAGE PRODUCTS INC.
("Borrower")

This is Exhibit "F" referred to in the
Affidavit of

Sworn before me this 30th day
of January A.D., 2018

A Commissioner for Oaths in and for
the Province of Alberta

Andrew M. Avery
Barrister & Solicitor

RECITALS

A. The Borrower is indebted to HSBC in the amount of \$600,914.18 as of October 20, 2016 respecting its operating loan and capital loans. It also has a Mastercard facility with an authorized limit of \$50,000.00. These amounts, and any other amounts owing by the Borrower to HSBC, will hereafter be referred to as the "Indebtedness."

B. As security for the payment of the Indebtedness and the observance and performance of all its obligations to HSBC, the Borrower has executed and delivered to HSBC a General Security Agreement (the "Security").

C. The Borrower has defaulted under the terms of its lending arrangements with HSBC such that HSBC is in a position to issue a formal demand for repayment.

D. The Borrower has requested that HSBC forbear from issuing a demand and enforcing the Security for a limited period of time in order to allow the Borrower additional time to remedy the loan default.

THEREFORE in consideration of the mutual covenants and promises contained herein and in consideration of HSBC agreeing to delay the issuance of a demand and commencement of enforcement proceedings in connection with the Security, the parties agree as follows:

TERMS OF FORBEARANCE

1. The Borrower will provide HSBC with a detailed business plan and cash flow projections for both the remainder of the Borrower's current fiscal year, as well as for

the entirety of the next fiscal year. These documents are to be provided to HSBC within two weeks of the effective date of this Agreement.

2. The Borrower states that it is currently involved in a patent infringement lawsuit. It will provide HSBC with bi-weekly updates of this case. In the event of any material development in the lawsuit, the Borrower will provide HSBC with the pertinent details within 24 hours of its occurrence.

3. The Borrower will continue to make payments to HSBC in reduction of the Indebtedness in accordance with the terms contained in the latest facility letter agreement entered into between the parties.

4. The interest rate on the Indebtedness will increase by 1% per annum as of the effective date hereof, such that interest will hereafter be calculated at HSBC's prime lending rate plus 3.25% per annum on the operating loan, and 3.35% on the capital loans, until the Indebtedness has been paid in full.

5. The Borrower shall pay a forbearance fee of \$1,000.00 to HSBC. The payment is due within two weeks of the effective date of this Agreement. The Borrower agrees that this fee will be added to the Indebtedness in the event that it is not paid directly by the Borrower to HSBC.

6. If the Borrower is not in default of any provision of this Agreement, HSBC agrees to forbear from issuing a demand and enforcing the Security for 45 days following the effective date of this Agreement.

7. If, notwithstanding the above and in HSBC's sole and absolute determination, there is a material adverse change in the financial circumstances of the Borrower during the period of forbearance, HSBC will be at liberty to immediately enforce the Security, and take proceedings to recover the Indebtedness.

MISCELLANEOUS PROVISIONS

8. This Agreement shall be construed and enforced in accordance with the laws of the Province of Alberta.

9. Time shall be of the essence in respect of all matters provided for in this Agreement.

10. The Borrower covenants and agrees from time to time, at the request of HSBC, to make, do, execute and deliver or cause to be made, done, executed and delivered all such further and other lawful acts, deeds, things, documents and assurances of whatsoever nature and kind either before or after the completion of the transactions contemplated herein for the better performance of the terms and conditions of this Agreement.

11. The Borrower acknowledges that it is responsible for the payment of all costs and expenses incurred by HSBC with respect to the preparation, negotiation and execution of this Agreement, including legal costs on an indemnity basis. It further acknowledges that HSBC will add these expenses to the Indebtedness.

12. The Borrower covenants and agrees that if there is further default under any of the terms of the Security, or if they are in breach of this Agreement, the Security may be enforced by HSBC and HSBC shall be at liberty to immediately commence legal proceedings to recover any and all amounts then owing to HSBC by the Borrower.

13. The Borrower hereby unconditionally and irrevocably forever waives, as against HSBC, its employees, officers, agents, successors and assigns, all manner of action and actions, cause and causes of actions, suits, sums of money, expenses, general damages, costs, claims and demands of any and every kind and nature whatsoever, at law or in equity, or under any statute, which they ever had, now have or which they hereafter can, shall or may have for or by reason of any matter, cause or thing whatsoever existing up to the present time, and in particular, but without in any way restricting the generality of the foregoing, for or by reason of anything arising out of the Indebtedness and the Security, and the enforcement thereof.

14. The parties hereto agree that the forbearance period granted by this Agreement shall not be included in the calculation of any limitation period applicable to the dealings between the parties, and any such limitation period shall be deemed extended by the length of the forbearance period in accordance with the provisions of the *Limitations Act* (Alberta).

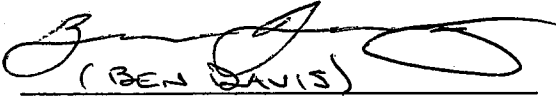
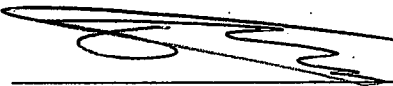
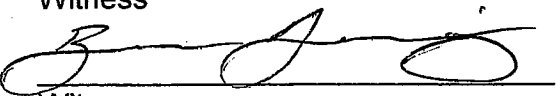



15. This Agreement shall enure to the benefit of and be binding upon the parties hereto, their permitted assigns and their successors.

16. This Agreement may be executed in several counterparts, each of which when executed shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement and, notwithstanding the date of execution, shall be deemed to be dated as of the date written at the beginning of this Agreement. For the purpose of this section, the delivery of a facsimile copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, and the party delivering a facsimile copy shall deliver an original copy of this Agreement forthwith after delivering the facsimile copy.

17. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

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

1

 _____ (BEN DAVIS) Witness	Per:  _____ Cameron Bailey Assistant Vice President Loan Management Unit
 _____ Witness	Per:  _____ VIKAS UPADHYAY Assistant Vice President, Credit Appl HSBC Bank Canada
 _____ Witness	Per:  _____ Daniel R. Korman, Director
_____ Witness	Per: _____

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

CANADA) I, Daniel R. Horner
PROVINCE OF ALBERTA) of the City of
TO WIT) in the Province of Alberta
) MAKE OATH AND SAY THAT:

1. I am an officer or director of **ADVANTAGE PRODUCTS INC.** (the "Corporation") named in the within or annexed instrument.

2. I am authorized by the Corporation to execute the within or annexed instrument without affixing a corporate seal.

SWORN BEFORE ME at the City of
Calgary, in the Province of Alberta,
this 31st day of October, 2016.

Kay Chan



A Commissioner for Oaths in and for the
Province of Alberta

My Commission Expires May 16, 2019

Kay Keiko Chan

AFFIDAVIT OF EXECUTION

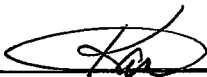
CANADA) I, Kay Chan
PROVINCE OF ALBERTA) of the City of
TO WIT) in the Province of Alberta
) MAKE OATH AND SAY THAT:

1. I was personally present and did see Daniel R. Horner ^{kc} ~~and~~, authorized signing authority(s) for **ADVANTAGE PRODUCTS INC.**, named in the annexed instrument, who are personally known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein.

2. The same was executed at the City of Calgary, in the Province of Alberta, and that I am the subscribing witness thereto.

3. I know the said person(s) and they are in my belief of the full age of 18 years.

SWORN BEFORE ME at the City of
Calgary, in the Province of Alberta,
this 31st day of October, 2016.



Kay Chan

A Commissioner for Oaths in and for the
Province of Alberta

KARA DHILLON

A Commissioner for Oaths in and for Alberta
My Commission Expires December 29, 2016

BETWEEN:

HSBC BANK CANADA
("HSBC")

and

ADVANTAGE PRODUCTS INC.
("Borrower")

FORBEARANCE AGREEMENT

Bishop & McKenzie LLP
Barristers and Solicitors
1700, 530 - 8th Avenue S.W.
Calgary AB T2P 3S8

File: 31,322-178 (RNA/sla)



Russell N. Avery
Direct Line: 403 750-7977
Email Address: r.avery@bishopmckenzie.com

2200, 555 - 4th Avenue S.W.
Calgary, Alberta T2P 3E7
T: 403 237 5550
calgary@bmlp.ca
www.bmlp.ca

OUR FILE NO. 31,322-178

January 11, 2018

Advantage Products Inc.
203, 200 Barclay Parade SW
Calgary, Alberta
T2P 4R5

This is Exhibit "G" referred to in the
Affidavit of Cameron Bailey Delivered via courier
Sworn before me this 30th day
of January A.D., 20 18
Andrew M. Avery
A Commissioner for Oaths in and for
the Province of Alberta

Dear Sir/Madam:

Re: HSBC Bank Canada

Andrew M. Avery
Barrister & Solicitor

We are the solicitors for HSBC Bank Canada ("Bank") with respect to your lending arrangements with them.

We have been advised by our client that you have defaulted on your obligations pursuant to the loan agreement. As a result, the Bank is demanding repayment of the entire amount outstanding.

The balance owing as at January 10, 2018 was \$728,602.37. Interest is continuing to accrue on that amount.

On behalf of HSBC Bank Canada, we hereby demand from you payment of the foregoing. If you do not pay the balance outstanding plus accruing interest and enforcement expenses, we have instructions to commence recovery proceedings. Please contact our office prior to payment so that we can provide you with the current balance then outstanding.


We enclose, for service upon you, a Notice of Intention to Enforce Security pursuant to the provisions of the *Bankruptcy & Insolvency Act*. We also enclose a letter for your review allowing the Bank to enforce its security without waiting ten days from the date of this demand. If you are agreeable to allowing the Bank to enforce its security without waiting the ten day period, please have the appropriate signing authority execute the letter and return it to our office by fax at your earliest convenience.

January 11, 2018

Govern yourself accordingly.

Yours truly,

BISHOP & MCKENZIE LLP

Per: 

RUSSELL N. AVERY

/sla
Enclosure

NOTICE OF INTENTION TO ENFORCE SECURITY

TO: ADVANTAGE PRODUCTS INC.

TAKE NOTICE that:

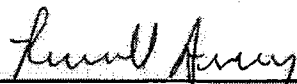
1. HSBC BANK CANADA, a secured creditor, intends to enforce its security on the property of Advantage Products Inc. described below:

- (a) all presently owned and hereafter acquired personal property of Advantage Products Inc. of whatsoever nature and kind and wheresoever situate and all proceeds thereof and therefrom, renewals thereof, accessions thereto and substitutions therefor, including, without limiting the generality of the foregoing, all the presently owned or held and hereafter acquired right, title and interest of Advantage Products Inc. in and to all goods (including all accessories, attachments, additions and accessions thereto), chattel paper, documents of title (whether negotiable or not), instruments, intangibles, licenses, money, securities, investment property and all:
 - (i) inventory of whatsoever nature and kind and wheresoever situate;
 - (ii) equipment (other than inventory) of whatsoever nature and kind and wheresoever situate, including, without limitation, all machinery, tools, apparatus, plants, furniture, fixtures and vehicles of whatsoever nature and kind;
 - (iii) book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, letters of guarantee and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Advantage Products Inc. (all of which are herein collectively called the "Debts");
 - (iv) deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (v) contractual rights and insurance claims and all goodwill,
 - (vi) monies other than trust monies lawfully belonging to others;

- (b) all presently owned and hereafter acquired patents, trade-marks, copyrights, industrial designs and other intellectual property and all proceeds thereof and therefrom, renewals thereof, accessions thereto and substitutions therefor; and
 - (c) all the presently owned or held and hereafter acquired property, assets, effects and undertakings of Advantage Products Inc. of whatsoever nature and kind and wheresoever situate, including, without limiting the generality of the foregoing, all presently owned or held and hereafter acquired right, title and interest of Advantage Products Inc. in and to real and immovable and leasehold property and rights, whether in fee or of a less estate, and all interest in and rights relating to lands and all easements, rights of way, privilege, benefits, licenses, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held and all structures, buildings, plants, machinery, fixtures, apparatus and fixed assets.
2. The security that is to be enforced is in the form of the following:
 - a) General Security Agreement dated September 10, 2009.
 3. The total amount of indebtedness secured by the security is \$728,602.37 as at January 10, 2018, plus accruing interest and enforcement expenses.
 4. HSBC Bank Canada will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this Notice unless Advantage Products Inc. consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 12th day of January, 2018.

**HSBC BANK CANADA by its
counsel and agent, BISHOP &
McKENZIE LLP, Barristers and
Solicitors**

Per: 
Russell N. Avery

January 11, 2018

HSBC Bank Canada
9th Floor, 407 – 8th Avenue SW
Calgary, Alberta
T2P 1E5

Attention: Cameron Bailey

Dear Sir:

Re: Indebtedness of Advantage Products Inc. (the "Corporation") to HSBC Bank Canada (the "Bank")

This is to advise that:

- (a) the Corporation hereby acknowledges its default under the terms of the General Security Agreement dated September 10, 2009, issued by it to the Bank;
- (b) the Corporation hereby acknowledges that the entire principal balance secured by the General Security Agreement has now become due and payable together with all costs and expenses incurred in the collection of the indebtedness and enforcement of the security therefor and all other monies so secured;
- (c) the Corporation hereby consents to the Bank taking such steps as are considered necessary or desirable to realize upon any and all securities held by the Bank in respect of the above described indebtedness including, without limitation, the immediate appointment of a receiver or receiver-manager, if the Bank deems it advisable; and
- (d) the Corporation hereby waives all requirements of notice to the Corporation by the Bank of demands for payment on amounts owing to the Bank by the Corporation and of notice of appointment of a receiver or receiver-manager, and furthermore, without restricting the generality of the foregoing, hereby waives the 10 day notice period required by section 244 of the *Bankruptcy and Insolvency Act* with respect to the Notice of Intention to Enforce Security, receipt of which is hereby acknowledged by the Corporation.

Yours truly,

ADVANTAGE PRODUCTS INC.

Per: _____

COURT FILE NUMBER 1801-01297
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF HSBC BANK CANADA
DEFENDANTS ADVANTAGE PRODUCTS INC.
and JAMES WEBER
DOCUMENT **CONSENT TO ACT AS
RECEIVER**
ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS DOCUMENT
Bishop & McKenzie LLP
2200, 555 – 4th Avenue SW
Calgary, AB T2P 3E7
Attention: Russell N. Avery
Telephone: 403-237-5550
Facsimile: 403-263-3423
File No.: 31,322-178 (RNA/sla)

Clerk's Stamp

Alvarez & Marsal Canada Inc. hereby consents to act as Receiver of the Defendant,
Advantage Products Inc.

Dated at the City of Calgary, in the Province of Alberta, this 29 day of January, 2018.

ALVAREZ & MARSAL CANADA INC.

Per: [Signature]
Orest Konowalchuk, CPA, CA,
CIRP, LIT
Senior Vice President

This is Exhibit " H " referred to in the
Affidavit of

Cameron Bailey
Sworn before me this 30th day
of January A.D., 2018

[Signature]
A Commissioner for Oaths in and for
the Province of Alberta

Andrew M. Av
Barrister & Solic