Court File Number:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

B E T W E E N

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

-and-

1793082 ONTARIO LTD. o/a K.D. Quality Pellets

Respondent

APPLICATION RECORD

January 9, 2019

GUARDIAN LEGAL CONSULTANTS LLP
133 Richmond Street West, Suite 200
Toronto, Ontario M5H 2L3

Daniel Perlin (64194G)
Tel: 647-983-3310
Fax: 647-499-4307

Jasdeep Bal (62102A)
Tel: 647-983-3309
Fax: 647-499-4307

Lawyers for the Applicant

TEMISKAMING DEVELOPMENT FUND CORPORATION v. 1793082 ONTARIO LTD

Court File No.:

Applicant | Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

PROCEEDING COMMENCED AT TORONTO

APPLICATION RECORD

GUARDIAN LEGAL CONSULTANTS LLP
133 Richmond Street West, Suite 200
Toronto, Ontario M5H 2L3

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Lawyers for the Applicant

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TAB: 1

Court File Number:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

B E T W E E N

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

-and-

1793082 ONTARIO LTD. o/a K.D. Quality Pellets

Respondent

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on January 10th, 2018 at 9:30 a.m., at the Courthouse at 330 University Avenue, 8th Floor, Toronto, Ontario, M5G 1E6.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date .... Issued by...
Local registrar

Address of court office: 330 University Avenue. 7th Floor
Toronto, Ontario
M5G 1R7

TO: **EVANS BRAGNOLO & SULLIVAN LLP**
120 Pine Street South
Timmins, Ontario P4N 2K4

Ted Tichinoff (21887H)

Tel: 705-264-1285
Fax: 705-264-7424

Lawyers for the Respondent

AND TO: **BIONORTH TECHNOLOGY HOLDING CORPORATION**
7777 Keele Street, Unit #8
Concord, Ontario L4K 4S8

AND TO: **SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION**
467 Ferguson Avenue, P.O. Box 339
Haileybury, Ontario P0J 1K0

AND TO: **NORTHERN ONTARIO HERITAGE FUND CORPORATION**
200-70 Foster Drive
Sault Ste. Marie, Ontario P6A 6V8

AND TO: **CANADA REVENUE AGENCY**
c/o Department of Justice
Ontario Regional Office
Exchange Tower, Box 36
130 King Street West, Suite 3400
Toronto, Ontario M5X 1K6

Diane Winters (20842V)

Tel: 647-256-7459
Fax: 416-973-0810

AND TO: **CATERPILLAR FINANCIAL SERVICES LIMITED**
5575 North Service Road, Suite 600
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AND TO: **BODKIN CAPITAL CORP.**
Unit 102-1465 North Service Rd. E.
Oakville, Ontario L6H 1A7

AND TO: **KLAD RENTALS INC.**
413 Levanna Lane
Oakville, Ontario L6H 6B8

AND TO: **AXIOM LEASING INC.**
2370 Cawthra Road
Mississauga, Ontario L5A 2X1

AND TO: **MANOJ SHIVNANI**
Trigon Gulf FZCO
P.O. Box 61468
Jebel Ali Free Zone, Dubai
United Arab Emirates

AND TO: **ROBERT FEDROCK**
736-333 Adelaide Street East
Toronto, Ontario M5A 4T4

AND TO: **SACHIN MAHAJAN**
12 Hilldowntree Road
Toronto, Ontario M9A 2Z5

AND TO: **ZINAYIDA SUBOTA**
62 Rollscourt Drive
Toronto, Ontario M2L 1X9

AND TO: **RJM INC. and SARJ EQUIPMENT CORP.**
29 Golfview Blvd.
Bradford, Ontario L3Z 2A6

AND TO: **JULES ROY and VALERIE CHORT**
71 Madison Avenue
Toronto, Ontario M5R 2S3

AND TO: **1000728 ONTARIO LTD. o/a BARON FINANCE**
Unit 11-27 Roytec Road
Woodbridge, Ontario L4L 8E3

AND TO: **THE CORPORATION OF THE TOWNSHIP OF HARLEY**
903303 Hanbury Road
New Liskeard, Ontario P0J 1P0

APPLICATION

1. **THE APPLICANT MAKES AN APPLICATION FOR**:

A. An Order abridging and validating the time for service and filing of the Notice of Application and Application Record herein;

B. An interim or interlocutory Order pursuant to Subsection 243(1) of the *Bankruptcy & Insolvency Act* (the "BIA") and Section 101 of the *Courts of Justice Act* ("CJA") appointing Grant Thornton Limited as monitor (the "Monitor"), without security, over all of the property, assets and undertakings of 1793082 Ontario Ltd. o/a K.D. Quality Pellets (the "Debtor") with full power and authority substantially in the form of the draft Order annexed hereto as Schedule "A" (the "Monitor Appointment Order");

C. An Order pursuant to Subsection 243(1) of the BIA and Section 101 of the CJA appointing Grant Thornton Limited ("GTL") as receiver and manager (the "Receiver"), without security, over all of the property, assets and undertakings of the Debtor with full power and authority, substantially in the form of the draft Order annexed hereto as Schedule "B", the hearing of which will be made on seven days' notice or as determined by this Honourable Court (the "Receiver Appointment Order");

D. An Order (the "Sale Process Order") approving and authorizing the proposed sales process (the "Sale Process") outlined in the pre-filing report of GTL dated January 7, 2019 (the "Proposed Receiver's Report"), substantially in the form of the draft Order annexed hereto as Schedule "C"; and

E. Such further and other Order as counsel may advise and this Honourable Court may permit.

2. **THE GROUNDS FOR THE APPLICATION ARE:**

Background

A. The Applicant, Temiskaming Development Fund Corporation ("Temfund"), is a secured creditor of the Debtor pursuant to a Loan Agreement dated May 15, 2012 and a Special (Bridge) Loan Agreement dated November 26, 2014 (collectively, the "Loan Agreements") and a General Security Agreement dated May 15, 2012, together with holding a mortgage over the real property of the Debtor as well as certain other security over the property of the Debtor (the "Security");

B. The Debtor's business is in the manufacture and wholesale of wood pellets, which are sold to commercial and residential customers for heat and power generation;

C. The Debtor is indebted to Temfund in the amount of $741,423.71 as at December 6, 2018, with respect to the outstanding balance arising from the Loan Agreements, as well as for the payments made by Temfund towards the Debtor's property tax arrears (collectively, the "Indebtedness");

D. Since the beginning of 2013, the Debtor has been in a constant state of default and has failed to meet its obligations with respect to payment towards the Indebtedness;

E. On or around January 2016, the Debtor ceased operations completely and has since maintained its plant and operations in a state of deactivation and preservation. Temfund has advanced funds towards the Debtor's tax arrears, but the plant has not recorded any sales or revenue from fiscal year 2016 onward;

F. Temfund first issued a demand for repayment and Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy Insolvency Act* on March 8, 2016. Prior to and after that date, Temfund has attempted to negotiate and work alongside the Debtor and third parties in order to agree to terms that would see the plant operating again;

G. Despite granting the Debtor substantial time to present viable proposals and options in order to recommence operations and generate revenue to pay down the Indebtedness, the Debtor and/or affiliates of the Debtor have been unable to present any proposal which would be agreeable or acceptable to Temfund;

H. Temfund reissued a demand for payment of all amounts outstanding to the Debtor on December 11, 2018, and served the Debtor a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* on the same day;

I. Pursuant to an independent third-party Consultant's report conducted to assess the viability of the Debtor delivered October 31, 2018, it was determined, among other things, that:

   i. the Debtor is completely inoperative and has been inoperative for almost three years;

   ii. the Debtor has no cash flow to fund the ongoing carrying costs as needed to ensure the plant and premises are maintained and preserved;

   iii. the insurance policies of the Debtor have been cancelled for non-payment; and

   iv. the utilities are in significant arrears and are at risk of being terminated by the utility company.

<u>Need for a Receiver</u>

J. The Receiver Appointment Order seeks to have GTL appointed as Receiver after notice is given to stakeholders;

K. The Debtor is insolvent, has defaulted on its obligations to Temfund, and has breached its contractual obligations with Temfund;

L. The Debtor has failed to provide Temfund with financial statements and disclosures, as required by it under the Loan Agreements;

M. The Debtor has failed to maintain adequate and satisfactory insurance on the property, as required by it under the Loan Agreements;

N. The Debtor has failed to conduct its business in a proper and efficient manner so as to preserve and protect the property and assets and the business, as required by it under the Loan Agreements;

O. The Security held by Temfund is enforceable, and Temfund seeks the appointment of a Receiver in order to enforce its security, as such appointment is necessary in order to preserve the business and the assets of the Debtor;

P. Given the lack of insurance on the property, and given the risk that the utilities are in significant arrears and may be terminated, it is also critical that a Receiver be appointed by this Honourable Court in order to facilitate the Sale Process in order to allow Temfund to maximize recovery on the Indebtedness;

Q. As a secured creditor, Temfund requires the assistance of this Honourable Court in the enforcement of its security rights;

R. The appointment of a Receiver is necessary for the protection of the interests of Temfund and other creditors of the Debtor;

S. The appointment of a Receiver is just and convenient;

Need for an Immediate Monitor

T. The Monitor Appointment Order seeks to have GTL immediately appointed as Monitor, on an *ex parte* basis in order secure the premises of the Debtor;

U. Due to the complete lack of financial disclosure by the Debtor, Temfund has no visibility as to the activities of the Debtor in respect of the its premises, and therefore there is an urgent need for the appointment of the Monitor in order to secure the Debtor's premises until notice can be given to all secured creditors and the Receiver can be appointed;

V. Temfund is very concerned that, unless a Monitor is appointed and the collateral is secured immediately, there is a significant risk that it will experience a material shortfall on the repayment of the Indebtedness;

W. Given the lack of insurance on the property, and given the risk that the utilities are in significant arrears and may be terminated, it is critical that a Monitor be appointed by this Honourable Court in order to, among other things, access the premises and investigate the financial and operational state of the Debtor's business; There is ample evidence to suggest, and good reason to believe, that the collateral subject to Temfund's Security is being dissipated or in danger of being dissipated immediately;

Sale Process

X. The Sale Process Order authorizes and empowers GTL, as Receiver, if appointed, to, *inter alia,* conduct an immediate public process for the sale or disposition of the Property thereby saving costs and maximizing value for all stakeholders;

Y. The Sale Process contemplates a thorough three-phase sale process whereby the Receiver will, among other things, reach out to and work with prospective national and regional buyers or industry participants who have expressed an interest in or who the Receiver believes may have an interest in the Property or operations of the Debtor;

Z. GTL, as Receiver, if appointed, has determined, that an immediate, expedited Sale Process will allow GTL to begin marketing the Property expeditiously, minimizing costs and thereby maximizing the interest of all stakeholders;

Other Grounds

AA. Section 243(1) of the *Bankruptcy and Insolvency Act* and Section 101 of the *Courts of Justice Act*;

BB. Rules 2.01, 2.03, 3.02, 14.05, and 41 of the *Rules of Civil Procedure*; and

CC. Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the application:

   A. Affidavit of Dalton Potter sworn January 8, 2019, and the exhibits thereto;

   B. Consent of Grant Thornton Limited to act as Receiver; and

   C. Such further and other evidence as counsel may advise and this Honourable Court may permit.

January 10, 2019

GUARDIAN LEGAL CONSULTANTS LLP
133 Richmond Street West, Suite 200
Toronto, Ontario M5H 2L3

Daniel Perlin (64194G)
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Lawyers for the Applicant

TAB: A

SCHEDULE "A"

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 10TH DAY
	)	
	)	OF JANUARY, 2019

B E T W E E N

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

-and-

1793082 ONTARIO LTD. o/a K.D. Quality Pellets

Respondent

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

ORDER

THIS APPLICATION made by the Applicant, Temiskaming Development Fund Corporation ("Temfund"), for an Order pursuant to Subsection 243(1) of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), and Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended ("CJA") appointing Grant Thornton Limited ("GTL") as monitor (in such capacities, the "Monitor"), without security, of all of the properties, assets and undertakings of 1793082 Ontario Ltd. o/a K.D. Quality Pellets (the "Debtor"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Dalton Potter sworn January 8, 2019 and the exhibits thereto, and on hearing the submissions of counsel for Temfund and such other parties in attendance at the hearing as indicated on the Counsel Slip, no one appearing for any other party, and on reading the consent of GTL to act as the Monitor, filed;

SERVICE

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

APPOINTMENT

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

MONITOR'S POWERS

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

(a) to monitor the Debtor's receipts and disbursements whether by cash, cheque or any other method, including, without limitation, the right to access all information relating to the Debtor's accounts at any financial institution, and the Monitor shall have immediate, continuous and unrestricted access to the premises located at the address municipally known as 999582 Highway 11 North, R.R. #2, in the town of New Liskeard, Ontario, postal code P0J 1P0 (the "Premises") to carry out the foregoing;

(b) to investigate any lien, mortgage or charge affecting the Premises;

(c) to investigate the status of insurance policies, utility accounts and other operational matters that affect the Debtor and its property;

(d) to access any and all computer systems and servers, wherever located, related to the business and affairs of the Debtor;

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

(f) to report to, meet with and discuss with such affected Persons (as defined below) as the Monitor deems appropriate on all matters relating to the Property, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable; and

(g) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

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

4. **THIS COURT ORDERS** that the Debtor shall continue to carry on business in the ordinary course and shall not make any payments outside of the ordinary course of business or to any related parties.

5. **THIS COURT ORDERS** that the Debtor shall provide the Monitor with a daily E-Mail containing a list of all receipts, disbursements and payments made by cheque, cash or any other method related to the business of the Debtor, including the details of each payee.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE MONITOR

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

7. **THIS COURT ORDERS** that all Persons shall forthwith advise the Monitor of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, servers, electronic backups, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Monitor or permit the Monitor to make, retain and take away copies thereof, and grant to the Monitor unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 8 or in paragraph 9 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

Monitor with instructions on the use of any computer or other system and providing the Monitor with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE MONITOR

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE MONITOR

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

CONTINUATION OF SERVICES

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

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor. The Monitor shall not be liable for any employee-related liabilities.

LIMITATION ON THE MONITOR'S LIABILITY

15. **THIS COURT ORDERS** that the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by section 14.06 of the BIA or by any other applicable legislation.

MONITOR'S ACCOUNTS

16. **THIS COURT ORDERS** that the Monitor and counsel to the Monitor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Monitor and counsel to the Monitor shall be entitled to and are hereby granted a charge (the "Monitor's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Monitor's Charge shall form a first charge on

the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4) and 81.6(2) of the BIA. To the extent that the Debtor's accounts are paid by the Applicant, such amounts paid shall be added to the Debtor's indebtedness to the Applicant.

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

GENERAL

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

19. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, receiver, receiver and manager or trustee in bankruptcy of the Debtor.

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

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

22. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Debtor.

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

24. **THIS COURT ORDERS** that the provisions of this Order shall become effective on Thursday, January 10, 2019 or such later date as may be agreed to in writing by the Applicant in its sole discretion.

TEMISKAMING DEVELOPMENT FUND CORPORATION v. 1793082 ONTARIO LTD.

Applicant — Respondent

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

ORDER

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Lawyers for the Applicant

TAB: B

SCHEDULE "B"

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 17TH DAY
	)	
	)	OF JANUARY, 2019

B E T W E E N

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

-and-

1793082 ONTARIO LTD. o/a K.D. Quality Pellets

Respondent

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

ORDER

THIS APPLICATION made by the Applicant, Temiskaming Development Fund Corporation ("Temfund"), for an Order pursuant to Subsection 243(1) of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), and Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended ("CJA") appointing Grant Thornton Limited ("GTL") as receiver and manager (in such capacities, the "Receiver"), without security, of all of the properties, assets and undertakings of 1793082 Ontario Ltd. o/a K.D. Quality Pellets (the "Debtor"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Dalton Potter sworn January 8, 2019 and the exhibits thereto, and on hearing the submissions of counsel for Temfund and such other parties in attendance at the hearing as indicated on the Counsel Slip, no one appearing for any other party although duly served as appears on the Affidavit of Service, and on reading the consent of GTL to act as the Receiver, filed;

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, the appointment of GTL as Monitor is expanded to Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property") as of the date hereof, as set out in this Order from that previously established by Order of the Honourable Justice ● made in this proceeding on January 10, 2019 (the "Monitor Order"). For greater certainty, the protections and benefits provided to GTL pursuant to the Monitor Order remain in full force and effect, but from the date of this Order on, the mandate, powers and protections of GTL as Receiver shall be as set forth herein.

RECEIVER'S POWERS

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

(a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

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

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

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

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

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

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

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

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

(i) without the approval of this Court in respect of any transaction not exceeding $100,000, provided that the aggregate consideration for all such transactions does not exceed $250,000; and

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

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

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

(m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

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

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the

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

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor, or statutory or regulatory mandates for the supply of goods and/or services, including, without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering,

interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

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

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4) and 81.6(2) of the BIA. For certainty, the Monitor's Charge (as defined in the Monitor Order) shall continue in full force and effect but shall be referred to and form part of, from the date of this order forward, the "Receiver's Charge" (as defined above). Any and all fees, disbursements or costs incurred by the Monitor, pursuant to the Monitor Order, shall be protected by the Receiver's Charge. To the extent that the Debtor's accounts are paid by the Applicant, such amounts paid shall be added to the Debtor's indebtedness to the Applicant.

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

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

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

SERVICE AND NOTICE

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

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

GENERAL

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

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

28. **THIS COURT ORDERS** that the Receiver is hereby authorized and empowered to file an assignment in bankruptcy for and on behalf of the Debtor and name Grant Thornton Limited as the Debtor's trustee in bankruptcy and to take any steps reasonably incidental thereto, including the payment of retainer funds to the trustee in bankruptcy named in the assignment

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

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

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

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

____

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

1. THIS IS TO CERTIFY that Grant Thornton Limited, the receiver and manager (the "Receiver") of the assets, undertakings and properties 1793082 Ontario Ltd. o/a K.D. Quality Pellets (the "Debtor"), acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 16th day of January, 2019 (the "Order") made in an action having Court file number __-CL-_______, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

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

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

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

DATED the _____ day of ______________, 20__.

GRANT THORNTON LIMITED, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: ______________________________

Name:

Title:

TEMISKAMING DEVELOPMENT FUND CORPORATION v. 1793082 ONTARIO LTD.

Applicant | Respondent

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

ORDER

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Lawyers for the Applicant

TAB: C

SCHEDULE "C"

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 17TH DAY
	)	
	)	OF JANUARY, 2019

B E T W E E N

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

-and-

1793082 ONTARIO LTD. o/a K.D. Quality Pellets

Respondent

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

ORDER
(Sale Process)

THIS APPLICATION made by the Applicant, Temiskaming Development Fund Corporation ("Temfund"), for an Order approving the marketing and sale process (the "Sale Process") for the Respondent's right, title and interest, if any, in the inventory, manufacturing equipment, warehouse equipment, real property, books and records, and intellectual property including any owned patents, web site, and customer lists, among other things (collectively, the "Property") described in paragraphs 10-18 of the pre-filing report of the proposed receiver, Grant Thornton Limited dated January 7, 2019 (the "Proposed Receiver Report"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Application Record of Temfund and the Affidavit of Dalton Potter sworn January 8, 2019 and the exhibits thereto, and on hearing the submissions of counsel for Temfund and such other parties in attendance at the hearing as indicated on the Counsel Slip, no one appearing for any other party although duly served as appears from the Affidavit of Service, and on reading the Proposed Receiver Report, filed;

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

2. **THIS COURT ORDERS** that the Sale Process for the marketing and sale of the Property is hereby approved.

____

TEMISKAMING DEVELOPMENT FUND CORPORATION	v.	1793082 ONTARIO LTD.	Court File No.:
Applicant		Respondent	

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

ORDER
(Sale Process)

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TEMISKAMING DEVELOPMENT FUND CORPORATION v. 1793082 ONTARIO LTD.

Court File No.:

Applicant — Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

NOTICE OF APPLICATION

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Lawyers for the Applicant

TAB: 2

Court File Number:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

BETWEEN

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

-and-

1793082 ONTARIO LTD. o/a K.D. Quality Pellets

Respondent

AFFIDAVIT OF DALTON POTTER
SWORN JANUARY 8, 2019

I, Dalton Potter, of the City of Temiskaming Shores, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the Executive Director at Temiskaming Fund Development Corporation ("Temfund"), and as such, I have personal knowledge of the matters deposed hereto, save and except where stated to be based on information and belief, in which case I do verily believe the same to be true.

Overview

2. This Affidavit is filed in support of an application by Temfund for the appointment of Grant Thornton Limited ("GTL") as a Court-appointed monitor (the "Monitor"), and thereafter appointing GTL as a Court-appointed receiver and manager (the "Receiver"), over all of the

properties, assets and undertakings of the Respondent, 1793082 Ontario Ltd. o/a K.D. Quality Pellets (the "Debtor").

3. Temfund is an industrial and commercial development fund that provides loans and credit facilities to businesses and private sector projects that provide a demonstrated regional economic benefit to the District of Timiskaming.

4. The Debtor is an Ontario corporation that carries on business as a manufacturer and wholesaler of wood pellets, which are used for commercial and residential heat and power generation. The Debtor's plant or production facility, head office, and principal place of business is located at 999582 Highway 11 North, R.R. #2, in the town of New Liskeard, Ontario, postal code P0J 1P0 (the "Premises").

5. Kenneth Doupe is the principal of the Debtor. True copies of Corporation Profile Reports dated January 2, 2019 obtained from the Ministry of Government and Consumer Services for the Province of Ontario for the Debtor are attached as **Exhibit "A"** to this Affidavit.

6. Temfund is a secured creditor of the Debtor. The Debtor has defaulted on its obligations to Temfund, and Temfund's Security, as discussed herein, is now enforceable. Temfund seeks the appointment of the Monitor, and thereafter the Receiver, to enforce its security.

7. The Debtor is presently indebted to Temfund in the approximate amount of $741,432.72 as of December 6, 2018.

8. Temfund first demanded payments of the Debtor's total indebtedness on March 8, 2016. Despite receiving and being aware of this demand, the Debtor still failed to make any payments towards its indebtedness and continued to be in default. On December 11, 2018, Temfund made

another demand for the repayment of all amounts outstanding by the Debtor. On December 19, 2018, counsel for the Debtor, by way of letter, confirmed that it had received Temfund's most recent demand.

9. Temfund understands that the Debtor has not been operational or generated any revenue since early 2016. The dire financial condition of the Debtor has deteriorated and jeopardized Temfund's security position. Additionally, the Debtor has failed to provide its required financial disclosures to Temfund since early 2016, pursuant to the Debtor's obligations under the Loan Agreement (as defined below).

10. I verily believe that it is necessary for a Court-appointed Monitor to immediately access, investigate, and monitor the Debtor while notice is given of the receivership application. Given the failure by the Debtor to make any financial disclosure since early 2016, together with the lack of any disclosure by the Debtor generally, Temfund is extremely concerned that the Temfund Security (as defined below) is in immediate risk of dissipating without there being a Monitor in place.

11. Thereafter, once sufficient notice has been given, it will be necessary for a Court-appointed Receiver to assume control of the operations and assets of the Debtor in order to preserve the business and assets of the Debtor. As set out in this Affidavit, I am gravely concerned that, without such intervention by the Court, the Temfund Security is at risk of erosion, and that the interests of all the creditors of the Debtor, as well as other stakeholders within the community, are jeopardized.

The Loans

12. In or around May 2012, Temfund and the Debtor engaged in discussions regarding the possible extension of credit facilities by Temfund to the Debtor. At that time, the Debtor had informed Temfund of its intended business of manufacturing wood pellets, and that it required a loan in order to finance the purchase of wood pelletizing equipment, associated conveyors, and pellet handling equipment (the "Loan Purpose"). The Loan Purpose was described in an offer to loan dated May 8, 2012 (the "Offer to Loan"). A true copy of the Offer to Loan is attached hereto as **Exhibit "B"** to this Affidavit.

13. In furtherance of the Offer to Loan, Temfund and the Debtor executed a Loan Agreement on May 15, 2012 (the "Loan Agreement"). A true copy of the Loan Agreement is attached hereto as **Exhibit "C"** to this Affidavit. In accordance with the provisions of the Loan Agreement, Temfund made available to the Debtor a term credit facility in the amount of $400,000 (the "Initial Loan").

14. In or around November 2014, the Debtor approached Temfund and requested additional credit facilities in the form of a special bridge loan, which would be used to assist the Debtor by financing a purchase for additional pellet manufacturing and processing equipment. On November 26, 2014, Temfund and the Debtor executed a Special (Bridge) Promissory Note (the "Bridge Agreement" and, together with the Loan Agreement, the "Temfund Agreements"). A true copy of the Bridge Agreement is attached hereto as **Exhibit "D"** to this Affidavit. Pursuant to the provisions of the Bridge Agreement, Temfund agreed to provide the Debtor with an additional term credit facility in the amount of $150,000 (the "Bridge Loan" and, together with the Initial Loan, the "Temfund Loans").

15. Under the terms of the Loan Agreement, the Debtor covenanted to, among other things, provide Temfund with monthly financial statements, and maintain extended coverage insurance on its secured or mortgaged property at all times.

16. Pursuant to a Guarantee dated May 15, 2012 (the "Guarantee"), Kenneth Doupe guaranteed payment of $250,000 of the obligations of the Debtor to Temfund. A true copy of the said Guarantee is attached hereto as **Exhibit "E"** to this Affidavit.

The Security

17. The credit facilities advanced by Temfund under the Initial Loan and the Bridge Loan are secured by, among other things, a General Security Agreement executed by the Debtor in favour of Temfund dated May 15, 2012 (the "GSA"). A true copy of the GSA is attached hereto as **Exhibit "F"** to this Affidavit. Under the terms of the GSA, the Debtor grants to Temfund a security interest in its undertaking, property and assets of every nature and kind.

18. Financing statements have been registered against the Debtor pursuant to the provisions of the *Personal Property Security Act* ("PPSA"). Attached hereto as **Exhibit "G"** to this Affidavit is a true copy of a search of registrations made against the Debtor under the PPSA as of August 18, 2015, on which the financing statement registered by Temfund is recorded under Reference File No. 682799337. Though the registration has since expired, on January 8, 2019, Temfund again registered a financing statement. Attached hereto as **Exhibit "H"** to this Affidavit is a true copy of the PPSA registration by Temfund dated January 8, 2019, recorded under Reference File No. 747406152.

19. A mortgage or charge on the real property of the Premises pursuant to the provisions of the *Land Titles Act* ("LTA") has been registered by way of a Charge from the Debtor to Temfund dated May 15, 2012 (the "Charge" and, together with the GSA, the "Temfund Security"). Attached hereto as **Exhibit "I"** and **Exhibit "J"** to this Affidavit is, respectively, a true copy of the Charge registered by Temfund as No. DT35188, and a true copy of the parcel register for the Premises from which the Debtor carries on business as of October 1, 2018.

20. As the holder of the Charge, Temfund became aware on or around the summer of 2016 that the Debtor was failing to make its property tax payments and, as such, the property taxes owed to the Township of Harley, which is the township where the Premises is situated, were and continue to be in arrears. In order to prevent any seizure of the real property by the Township of Harley, Temfund advanced funds to pay down the amount of property taxes owed by the Debtor. As of December 6, 2018, the total amount paid towards the property taxes by Temfund is $107,378.90 (the "Tax Payments"). Attached hereto as **Exhibit "K"** to this Affidavit is a true copy of a receipt from the Township of Harley for the Tax Payments.

21. I verily believe that the measures taken by Temfund to make the Tax Payments were necessary in order to preserve the Charge and to prevent any possible seizure of the Premises, as the accrued amount of tax arrears showed that the Debtor was either unwilling or unable to make payment towards the property taxes.

22. Aside from the costs incurred by Temfund in enforcing The Temfund Security and exercising its rights under the Loan Agreement, including legal and consulting fees, the Initial Loan, the Bridge Loan, and the Tax Payments collectively form the entirety of the indebtedness owed by the Debtor to Temfund (the "Indebtedness").

23. On December 9, 2013, Temfund entered into an intercreditor agreement (the "Intercreditor Agreement") with the other creditors who held a valid security interest against the Debtor as of the aforesaid date, being the Royal Bank of Canada ("RBC"), South Temiskaming Community Futures Development Fund ("STCFDC"), and Northern Ontario Heritage Fund Corporation ("NOHFC"). A true copy of the Intercreditor Agreement is attached hereto as **Exhibit "L"** to this Affidavit.

24. Pursuant to the provisions of the Intercreditor Agreement, Royal Bank of Canada held a first priority over the personal property of the Debtor, followed by Temfund, STCFDC and NOHFC on a *pari passu* basis.

25. On approximately October 19, 2017, Temfund was notified that RBC had assigned its security interest to BioNorth Technology Holding Corporation ("Bionorth") on October 11, 2017. Attached hereto as **Exhibit "M"** to this Affidavit is a true copy of the assignment from RBC to Bionorth.

26. Apart from STDFDC, NOHFC, and Bionorth by way of assignment of RBC's security interest, Temfund ranks ahead, and does not have any intercreditor agreement with, the other secured creditors listed in the PPSA search report.

The Debtor's Insolvency and Temfund's Patience

The Proposals

27. It is my understanding that on or around January 2016, the Debtor had become insolvent and was unable to pay its day to day operating expenses in order to manufacture wood pellets. As a result, the Debtor had to cease operations completely. From the time that the Debtor ceased

operating, numerous proposals had been put forth to recommence operations and generate revenue, either by the Kenneth Doupe himself as principal of the Debtor, or by affiliates of Mr. Doupe, or other creditors. As illustrated in greater detail below, upon affording the proposals reasonable consideration, Temfund was unable to agree to accept any of the proposals, as it was of the firm belief that the proposals either lacked sufficient detail or were completely meritless.

28. Though Temfund first issued a demand for payment on March 8, 2016, it did not take further steps to enforce its security at that time, since it was advised and reassured by the Debtor that it was taking immediate action to canvass and implement a viable restructuring proposal in order to assist the Debtor to recommence business. Temfund granted the Debtor an indulgence to postpone taking further action to enforce its security based on the promises made by the Debtor that it intended to present viable, realistic proposals which would: (i) inject sufficient capital into the Debtor's business so that it could recommence operations; (ii) outline a concrete framework to generate revenue and sustain growth; (iii) install a credible management team; and (iv) create a fully operational business that could create jobs and economic growth for the community.

29. As previously stated, Temfund has been presented with certain proposals which it was unable to accept, as it reasonably believes that they are neither viable nor credible. Numerous iterations of proposals have been presented to the board of directors Temfund since the Debtor ceased operations, none of which address the concerns raised or questions posed by Temfund's board members, despite repeated requests for further information or clarity.

30. As such, Temfund has been unable to agree to the any presented proposals, as they have not been viable or credible, questions posed by Temfund on multiple occasions requesting additional critical details have gone unanswered, and Temfund has made a reasonable

determination that accepting any proposal presented thus far would pose great risk to the Temfund Security and would not stimulate the local economy.

Engagement of Consultant

31. On or around September 2018, it became clear to Temfund's board of directors that, after waiting almost three years for a viable proposal to be put forth, no such proposal was readily apparent. Furthermore, the Debtor had not provided Temfund with any financials reports since January 2016, in contravention with its obligations pursuant to the Loan Agreement, and therefore Temfund did not have a full and complete appreciation of the financial state of the Debtor. Temfund also had concerns that the required insurance policy on the Debtor's plant and property had lapsed, and that the plant's utilities were in arrears, both of which, if true, would violate the Debtor's obligations pursuant to the Loan Agreement and could put the value of the Temfund Security at risk, especially during the winter months.

32. On October 1, 2018, in accordance with its rights pursuant to the Loan Agreement, Temfund engaged Joe Albert, CPA and licensed insolvency trustee, of the firm Albert Gelman Inc. (the "Consultant"), as an independent third-party consultant, in order to conduct a viability assessment of the Debtor.

33. Upon engaging the Consultant, I informed Mr. Doupe of such engagement, and requested that he cooperate with the Consultant in conducting the viability assessment. Mr. Doupe agreed to cooperate and permitted the Consultant to attend the Debtor's premises on October 16, 2018 in order to conduct a comprehensive inspection, review, and assessment of the Debtor's operations, assets, and financial affairs. The Consultant reviewed all financial information that was provided

to him by the Debtor or Temfund, toured the Debtor's Premises, and interviewed Mr. Doupe as principal of the Debtor.

34. On October 31, 2018, the Consultant provided Temfund with its viability assessment report and recommendation with respect to the Debtor (the "Viability Report"). A true copy of the Viability Report is attached hereto as **Exhibit "N"** to this Affidavit.

35. Among other things, the Viability Report confirmed that the Debtor had ceased operating since January 2016 and did not record any revenue since fiscal year 2015. Furthermore, the Viability Report showed that the Debtor was in arrears of HST of approximately $200,000, and owed payroll source deductions of approximately $250,000, both of which were previously unknown to me.

36. The Viability Report recommends that Temfund apply for a Court-appointed Receiver as a result of its conclusions and determinations, which include, but are not limited to, the following:

(i) no viable proposal by any other party has been made to Temfund vis-à-vis the repayment of its secured indebtedness;

(ii) the Debtor has no cash flow to fund the plant's ongoing carrying costs as needed to ensure the plant and premises are maintained and preserved; and

(iii) the insurance policies have been cancelled for non-payment.

__Notice of Intention to Enforce__

37. Upon review of the Viability Report, Temfund instructed its counsel, Daniel Perlin of Guardian Legal Consultants LLP ("GLC"), to make another demand, on behalf of Temfund, to the Debtor, dated December 11, 2018, with respect to the immediate repayment of the Debtor's Indebtedness to Temfund, as well as attaching to the demand a Notice of Intention to Enforce Security under Section 244 of the *Bankruptcy and Insolvency Act*. In addition, GLC also made a demand on behalf of Temfund on Kenneth Doupe, also dated December 11, 2018, with respect to the Guarantee that had been provided with respect to the Debtor's Indebtedness to Temfund. True copies of these demand letters and the attached Notice of Intention to Enforce Security are attached hereto as **Exhibit "O"** to this Affidavit.

38. The demands for payment have not been satisfied, and the Debtor continues to be in default. The balance outstanding for principal and interest on the Indebtedness as at December 6, 2018 was $741,423.71.

__Responding Letter__

39. I am advised by GLC that, following Temfund demanding payment of the Indebtedness, Daniel Perlin was contacted by Debtor's counsel, Ted Tichninoff. Mr. Tichinoff requested information as to Temfund's intentions with respect to enforcing the Temfund Security and discussed concerns Mr. Perlin had with respect to a proposal that had been presented to Temfund and had gone through multiple iterations, none of which addressed Temfund's concerns. Mr. Tichinoff requested that Mr, Perlin put Temfund's questions and concerns about the aforesaid proposal in writing, and assured Mr. Perlin that they would be addressed in his response. I am

advised by GLC that immediately after their conversation, Mr. Perlin sent an email to Mr. Tichinoff outlining Temfund's questions and concerns.

40. Following Mr. Perlin's email, a responding letter dated December 19, 2018 was received by GLC from the Debtor's counsel, a true copy of which is attached hereto as **Exhibit "P"** to this Affidavit. The letter first confirms receipt of the demands and the Notice of Intention to Enforce Security. The letter then goes on to state that the Debtor "has financing available that will lead to payment of monies owed under your Demand…".

41. The letter by the Debtor's counsel fails to address any of the questions and concerns posed by Mr. Perlin in his email, falsely infers that Temfund is at fault for having rejected previous proposals, and simply makes hyperbolic statements that do not provide any comfort to Temfund.

42. I verily believe that the letter's request an additional "minimum 50 days" to "make an agreement as to what is owing is another stall tactic by the Debtor, which has continued for almost three years, and that no additional extension of time will warrant any acceptable results to Temfund and other creditors. Furthermore, upon reading and reviewing the letter, it seems to be inconsistent in its discussion about the Debtor having financing. Though it first clearly states that the Debtor has financing, it later states that financing available to the Debtor will be "put in place", which suggests that it does not currently have the financing ready to pay the Indebtedness to Temfund.

Need for Interim Monitor and Thereafter a Receiver

43. Temfund is gravely concerned about the erosion of its security position due to, among other things:

(a) the continuous state of default of the Debtor under the Temfund Loans;

(b) the apparent collapse of the wood pellet manufacturing business and complete cessation of operations since January 2016;

(c) the failure of the Debtor to provide any up to date financial reporting records since 2016;

(d) the lapse in insurance on the plant and property of the Debtor;

(e) the discovery by the Consultant of HST and payroll deductions owed by the Debtor; and

(f) my understanding that the Debtor is in arrears of its utility payments, and as such, the significant risk that the electricity and heating could be shut off in the winter months, which could result in the secured property, such as the equipment, breaking down completely and rendered worthless.

44. Since Temfund has had no financial disclosure and has no visibility as to the activities of the Debtor in respect of the Premises, there is an urgent need for the appointment of the Monitor in order to secure the Premises until notice can be given and the Receiver be appointed.

45. In light of the circumstances, Temfund is concerned that, if an Order is not made immediately appointing a Monitor thereafter appointing a Receiver over the properties, undertakings, and assets of the Debtor, the interest of Temfund and other stakeholders could be in dire jeopardy.

46. Temfund proposes that GTL be appointed Monitor and thereafter Receiver, as it is familiar with the Debtor's operations and current financial position, to the extent disclosed, and has

experience in conducting and administering successful receiverships of similar types businesses, which I verily believe to be quite unique, both in their operations and their supply chain. GTL has agreed to accept the appointment and a copy of its consent is attached hereto as **Exhibit "Q"** to this Affidavit.

47. Temfund has received the support of STCFDC, by way of resolution of the directors of STCFDC, in applying for a Court-appointed Monitor and Receiver, and STCFDC also supports Temfund's proposal that GTL be appointed Monitor and Receiver. Attached hereto as **Exhibit "R"** to this Affidavit is a true copy of said resolution of STCFDC.

Proposed Sale Process

48. In order to manage time and costs, Temfund is also seeking a Sale Process Order approving a proposed sale process by GTL, if appointed Receiver (the "Sale Process"), at the same time as the Receiver Appointment Order. The Sale Process would establish the process to complete a sale of the right, title and interest, if any, in the inventory, manufacturing equipment, warehouse equipment, real property, books and records, and intellectual property including any Debtor-owned patents, web site, and customer lists, among other things, of the Debtor (collectively, the "Property"). Attached hereto as **Exhibit "S"** to this Affidavit is a true copy of the pre-filing report of GTL dated January 7, 2019 with respect to the Sale Process (the "Proposed Receiver's Report").

49. The proposed Sale Process has been designed to market the Property on an "as is, where is" basis.

50. The Receiver's objective, if appointed, would be to seek a buyer who will consider operating the business of the Debtor as a turnkey investment opportunity as opposed to a liquidation of the assets, to provide the highest value and recovery to the Debtor's creditors.

51. The Receiver, if appointed, intends to conduct the Sale Process in three phases. During Phase 1, which will run for approximately 1-2 weeks, the Receiver will, among other things:

(a) Identify and prepare a list of potential purchasers of the Property including regional and national buyers ("Potential Purchasers");

(b) Prepare an information memorandum ("Information Memorandum") for Potential Purchasers as well as a solicitation letter ("Solicitation Letter") summarizing the Sale Process, soliciting parties to express their interest in participating in the Sale Process as well as, possibly, a statement that offers providing for the continued operation of the Debtor's business at the Premises would be viewed positively;

(c) Prepare a form of non-disclosure agreement (the "NDA") to be executed by Potential Purchasers to obtain information that is not included in the Information Memorandum and to further participate in the Sale Process; and

(d) Prepare, if deemed appropriate a data room (the "Data Room") containing any other information to be shared with Potential Purchasers subsequent to receiving an executed NDA.

52. During Phase 2, which will run for approximately 4-6 weeks, the Receiver will, among other things:

(a) Circulate the Solicitation Letter and NDA to the Potential Purchasers;

(b) Directly communicate with industry participants who have expressed an interest in or who the Receiver believes may have an interest in the Property or operations of the Debtor, coordinate site visits for Potential Purchasers to inspect the Property and facilitate due diligence, and grant Potential Purchasers who execute the NDA access to the Data Room;

(c) Advertise the sale of the Property in a Canadian national newspaper; and

(d) Collect offers from Potential Purchasers by a bid deadline date (which will at a minimum provide for at least a 30-day due diligence period from when the first solicitation letters are sent to Potential Purchasers.) The Receiver may, in its discretion, extend the deadline for offers if it considers it to be appropriate or necessary in the circumstances and offers will be required to be accompanied by a deposit equal to at least 10% of the offer price.

53. During Phase 3, which will run for approximately 2-3 weeks, the Receiver will, among other things:

(a) Review all offers submitted in Phase 2 by the bidders (the "Bidders") and, where appropriate, discuss the results of the initial sale process with the senior secured creditors of the Debtor;

(b) The Receiver may ask some or all of the Bidders to re-submit offers for subsequent rounds of offers and where appropriate, the Receiver will, discuss the results of the Sale Process with the senior secured creditors of the Debtor;

(c) The Receiver will select the offer that represents the best offer and will negotiate the terms of a final sale agreement which will be subject to Court approval. The Receiver has sole discretion in acceptance of an offer but may consult with the Debtor's senior secured creditors; and

(d) Once a sale agreement is approved by the Court, the Receiver will work to efficiently close the sale transaction as soon as possible and based on the terms of the sale agreement.

54. Temfund is supportive of the Sale Process and timeline.

55. The Receiver has engaged independent counsel, who will provide an independent opinion on the validity of the security of any of the senior secured creditors' who will receive a portion of the net sale proceeds.

56. This Affidavit is sworn in support of Temfund's Application for the appointment of a Monitor and Receiver over the assets, properties, and undertakings of the Debtor, and for the approval of the Sale Process.

SWORN BEFORE ME at the City of Temiskaming Shores, in the Province of Ontario, on January 8th, 2019

Commissioner for Taking Affidavits

Dalton Potter

Crystal Patricia Hack, a Commissioner etc., Province of Ontario, for Ducharme Law, Barristers and Solicitors. Expires March 13, 2020.

TAB: A

Request ID: 022537818	Province of Ontario	Date Report Produced:	2019/01/02
Transaction ID: 70373326	Ministry of Government Services	Time Report Produced:	17:04:03
Category ID: UN/E		Page:	1

CORPORATION PROFILE REPORT

Ontario Corp Number
1793082

Corporation Name
1793082 ONTARIO LTD.

Incorporation Date
2009/03/10

Jurisdiction
ONTARIO

Corporation Type
ONTARIO BUSINESS CORP.

Corporation Status
ACTIVE

Former Jurisdiction
NOT APPLICABLE

Registered Office Address

RR1 RR1

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Mailing Address

RR1 RR1

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Amalgamated	**Amalgamation Ind.**
NOT APPLICABLE	NOT APPLICABLE
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
NOT APPLICABLE	NOT APPLICABLE
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	**Number of Directors Maximum**	**Date Commenced in Ontario**	**Date Ceased in Ontario**
00001	00005	NOT APPLICABLE	NOT APPLICABLE

Activity Classification
NOT AVAILABLE

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1793082	1793082 ONTARIO LTD.

Corporate Name History	Effective Date
1793082 ONTARIO LTD.	2009/03/10

Current Business Name(s) Exist:	YES
Expired Business Name(s) Exist:	YES - SEARCH REQUIRED FOR DETAILS

Administrator: Name (Individual / Corporation)		Address
SAMANTHA STELLA DOUPE		R R #2 NEW LISKEARD ONTARIO CANADA P0J 1P0
Date Began	**First Director**	
2009/03/10	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Request ID: 022537818
Transaction ID: 70373326
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/01/02
Time Report Produced: 17:04:03

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1793082	1793082 ONTARIO LTD.

Administrator:

Name (Individual / Corporation)	Address
SAMANTHA STELLA DOUPE	R R #2 NEW LISKEARD ONTARIO CANADA P0J 1P0

Date Began	First Director	
2009/03/10	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	SECRETARY	Y

Administrator:

Name (Individual / Corporation)	Address
KENNETH ANDREW DOUPE	RR1 RR1 NEW LISKEARD ONTARIO CANADA P0J 1P0

Date Began	First Director	
2009/03/10	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Request ID: 022537818
Transaction ID: 70373326
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/01/02
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1793082	1793082 ONTARIO LTD.

Administrator:
Name (Individual / Corporation)

KENNETH
ANDREW
DOUPE

Address

RR1 RR1

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Began	First Director	
2009/03/10	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	

Administrator:
Name (Individual / Corporation)

KENNETH
ANDREW
DOUPE

Address

RR1 RR1

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Began	First Director	
2009/03/10	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	SECRETARY	

Request ID: 022537818
Transaction ID: 70373326
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/01/02
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Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1793082	1793082 ONTARIO LTD.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2014	1C	2015/10/24 (ELECTRONIC FILING)

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

TAB: B

May 8, 2012

O/ A KD Quality Pellets
1793082 Ontario Ltd
999582 Highway #11 North, RR#2
New Liskeard, ON
P0J 1P0

ATTENTION: Kenny Doupe; President (Owner)

Dear Mr. Doupe:

Re: Offer of Loan

Temiskaming Development Fund Corporation ("Temfund") confirms that subject to your acceptance and the acceptance of the Guarantors, it will make available to you (the "Borrower") a commercial loan (the "Temfund Loan") subject to the following terms and conditions:

1. Loan Details

1.1 **Purpose of loan.** The purpose of the loan is to finance the purchase of wood pelletizing equipment and associated conveyors and pellet handling equipment from Sarj Equipment

1.2 **Financing.** This offer is extended on the condition that the Temfund Loan is part of a package of loans financing the program indicated below.

Project Description

Land & infrastructure	$1,462,870	Temfund	$400,000
		STCFDC	$500,000
Buildings	$1,219,046	Owner Equity	$1,300,000
Pellet Equipment (Sarj)	$1,915,397	NOHFC	$1,000,000
Yard & Trucking Equip	$450,000	Build Canada	$1,847,313
Operating Line	$500,000	Royal Bank	$500,000
TOTAL:	$5,547,313		$5,547,313

1.3 **Loan amount.** $400,000

1.4 **Loan type.** Term Loan

1.5 **Term.** 48 months

1.6 **Amortization.** 96 months

1.7 **Interest rate.** Fixed at @ 5% per annum calculated half-yearly not in advance.

1.8 **Disbursement of funds.** The loan shall be advanced as a single draw-down subject to the Borrower fulfilling all other terms and conditions in this letter with the Temfund Loan to be fully drawdown prior to May 31st, 2012.

1.9 **Repayment:** In equal consecutive blended monthly payments of principal and interest at $5,117.00 commencing on the 15th day of November 2012.Interest will be waived from the date of drawdown until July 15th, when interest begin to accrue through to Nov 15th, 2012, the date of the first Interest & Principal payment, when the accrued interest shall be added to the principal. The term is 4 years, and an amortization period of 8 years, with a final payment made on Oct 15th, 2020.

1.10 **Prepayment.** The Borrower when not in default shall be entitled to prepay any amount of principal or interest at any time without notice.

2. Security

Prior to the advance of funds, the Borrower shall deliver the following security (the "Security Documents") in form satisfactory to Temfund:

2.1 A loan agreement.

2.2 A PMSI for $400,000 which will be used as a deposit registered on the Sarj pelletizing equipment.

2.3 A Pari Passu security registration including mortgage on all remaining equipment, land, buildings and chattels registered in concert with STCDC and NOHFC.

2.4 A Personal Guarantee of $250,000 by Kenny Doupe and Keyman Insurance on the life of Kenny Doupe also for $250,000.

2.5 All other documentation necessary in Temfund's opinion, acting reasonably, to complete this transaction in accordance with the terms of this offer.

3. Insurance

The Borrower shall take out and maintain the following insurance all in a form and with insurers acceptable to Temfund acting reasonably:

3.1 Insurance covering all risks on all Collateral to a fair market value cost.

3.2 Comprehensive public liability insurance to a limit of not less than $5,000,000.00.

The policies, where applicable, are to make loss payable to Temfund as lienholder or as its interest may appear and will contain the standard mortgage clause endorsement, if applicable.

4. Conditions Precedent to Funding

Temfund shall not be required to advance funds until all of the following requirements have been met to Temfund's satisfaction:

4.1 That KD Quality Pellets' solicitor provide an Opinion Letter advising that the requested security and supporting documentation has been registered.

4.2 Such other acts having been done (including executing documents, providing opinions or supplying evidence) as Temfund requires, acting reasonably.

5. Legal Work

All legal work required shall be completed by a lawyer practising in the Province of Ontario selected by the Borrower and acceptable to Temfund, acting reasonably. Documents and opinions will be provided in the form prescribed from time to time by Temfund, the required forms to be provided by Temfund to the Borrower's lawyer.

6. Fees

All costs and expenses in connection with the matters contemplated by this letter are to be paid by the Borrower, whether or not funds are advanced, the Security Documents are completed or the commitment is cancelled including, without limitation:

6.1 application fee of $2,000.00 (1/2 of 1% of the total loan); to be deducted from the advance;

8.3 **Secondary financing.** Not to obtain secondary financing, except as specifically identified in clause 1.2 on the Collateral without Temfund's prior written consent.

8.4 **Sale/Transfer.** Not to sell, transfer or encumber, other than in the ordinary course of business, the Collateral or Property without Temfund's prior written consent. If the Borrower does so, then at Temfund's option, the Borrower will immediately pay to Temfund all outstanding indebtedness under this commitment.

8.5 **Capital Expenditures.** Not to make any capital expenditures in excess of $100,000.00 without Temfund's prior written consent,(advise Temfund when major expansions are to occur).

8.6 **Inspection.** To permit Temfund and persons authorized by Temfund at all reasonable times to inspect the Collateral.

8.7 Borrower acknowledges that Temfund's approval is relative ONLY to the Revised project of $5.5M, and Temfund's written approval is required or Temfund's loan is to be fully paid out prior to embarking onto Stage II of the project AND / OR entering into any financial agreement with BDC (the Business Development Bank of Canada)

9. Representations and Warranties

The Borrower represents and warrants to and in favour of Temfund as follows, which representations and warranties of the Borrower shall survive the execution and delivery of this agreement and the making of each drawdown, notwithstanding any investigations or examinations which may be made by Temfund or Temfund's counsel, and Temfund shall be deemed to have relied on such representations and warranties in the making of each drawdown;

9.1 *Accuracy of information*. All factual information previously or contemporaneously furnished by or on behalf of the Borrower in writing to Temfund for purposes of or in connection with this offer or any transaction contemplated hereby, is and all other such factual information pursuant to this offer to Temfund will be, true and accurate in every material respect on the date as of which such information is dated or certified and such information is not, or shall not be, as the case may be, incomplete by the omission of any material fact necessary to make such information not misleading.

The Borrower agrees to provide Temfund with such other representations and warranties as Temfund may require acting reasonably.

10. Permitted Encumbrances

The title to the Collateral shall be subject only to the encumbrances identified above under "Security".

11. Default

Temfund shall be entitled to terminate this commitment and to declare the unpaid principal and accrued interest and all other amounts payable by the Borrower, due and payable on the occurrence of any of the following events of default:

11.1 if any representation or warranty set forth in this letter is incorrect in any material respect;

11.2 if the Borrower fails to perform any of its obligations under this commitment or under any Security Document specified in this letter or under any other indebtedness or liability or any other credit or loan agreement to which the Borrower is a party;

11.3 if the Borrower becomes bankrupt (voluntarily or involuntarily) or becomes subject to any proceeding seeking liquidation, rearrangement, relief of creditors;

11.4 if a receiver is appointed over any of the Borrower's property or undertaking;

11.5 if an encumbrancer shall take possession of any property of the Borrower or if any final judgment for the payment of money in excess of TEN THOUSAND ($10,000.00) DOLLARS is rendered against the Borrower and is not discharged within thirty (30) days from its date;

11.6 if any material adverse change occurs in the financial condition of the Borrower;

11.7 If Temfund in good faith believes that the ability of the Borrower to pay any of its obligations to Temfund or to perform any of the covenants contained in this agreement is impaired or the security referred to in this agreement is impaired or is in jeopardy;

11.8 If the Borrower ceases actively to carry on its business for any reason.

12. Waiver

Any waiver by Temfund of any default by the Borrower or any omission on Temfund's part in respect of any default by the Borrower shall not extend to or be taken in any manner whatever to affect any subsequent default by the Borrower or the rights resulting from it. Temfund may waive any condition precedent to funding but the waiver shall not prejudice any subsequent enforcement of the condition.

13. No Merger

It is understood and agreed that the execution and delivery of the Security Documents securing this transaction shall in no way merge or extinguish this commitment letter or the terms and conditions of it, which shall continue in full force and effect.

14. Time of Essence

Time shall be of the essence in all respects.

15. Dispute resolution

All matters in difference with respect to this letter shall be resolved as follows:

15.1 In default of resolution through negotiation, by mediation or such similar dispute resolution process as the parties may select.

15.2 In default of resolution within 60 days of such default by any mechanism implemented as a result of the previous paragraph, by arbitration, to be conducted by a single arbitrator if the parties are able to agree upon a selection, and in default thereof by three arbitrators one chosen by Temfund, one by the Borrower, and the third by the two first selected. The provisions of this paragraph constitute a submission within the meaning of the Arbitrations Act of Ontario in force at the date hereof and as amended from time to time.

The parties undertake and agree to act promptly, reasonably and in good faith in attempting to resolve disputes pursuant to the provisions of this article. In the event that the dispute is resolved by arbitration, costs shall be in the discretion of the arbitrator, who is hereby directed in his or her award of costs to penalize conduct on the part of any party which is unreasonable, which aggravates the dispute or diminishes or delays the prospect of its expeditious resolution, or which exhibits bad faith.

16. Not Assignable

The commitment is not assignable without Temfund's prior written consent.

17. Expiry

This commitment will expire on the 31st day of May, 2012, and after that date Temfund is not obligated to advance funds under this commitment.

Temfund will consider any reasonable request for an extension to the intent that the Borrower is afforded every opportunity to review carefully and consider the implications of the various provisions of this letter, particularly the security requirements, and to ensure that all estimated costs are current and reasonable, and that the Borrower has adequate financing arrangements to complete the program and any cost increases associated therewith.

Please indicate your acceptance of this offer by signing and returning the duplicate copy to Temfund at 74C Scott St, New Liskeard on or before the 31st day of May, 2012, otherwise this offer shall expire.

Yours truly,

Temiskaming Development Fund Corporation

Per: Lorne Hillcoat
Business Development & Tourism Coordinator

Accepted this 15th day of May, 2012.

1793082 Ont Ltd O/A KD Quality Pellets

Per:
Kenny Doupe, President (Owner)

Per:
Kenny Doupe, Personal Guarantor

SCHEDULE "B"

Financial Ratios

- Minimum working capital of not less than $________________. For the purposes of this agreement "working capital" means the value of current assets less current liabilities as shown on the Borrower's financial statements from time to time.

- Maintain a current ratio of not less than ______________ to ______________. The term "current ratio" means the ratio of current assets to current liabilities.

- Maintain a debt to equity ratio ______________ to ______________. "Debt" shall include all current and long term liabilities except amounts due to shareholders, repayment of which has been specifically been postponed to the Security, which amounts are to be included in computing "equity".

- Maintain shareholders' equity totalling not less than $___________.

- Maintain debt service coverage of not less than _________________%. Debt service coverage shall be calculated as follows:

  Earnings before interest, taxes, depreciation and amortization (exclusive of capital expenditures for maintenance purposes) / total annual principal and interest payments

TAB: C

THIS LOAN AGREEMENT DATED MAY 15, 2012

BETWEEN

1793082 ONTARIO LTD. O/A KD QUALITY PELLETS

(the "Borrower")

and

TEMISKAMING DEVELOPMENT FUND CORPORATION

("Temfund")

The Borrower wishes to borrow from Temfund the sum of FOUR HUNDRED THOUSAND DOLLARS ($400,000.00)for the purposes set forth in the Offer of Loan dated May 8th, 2012 (the "Purposes").

Temfund has agreed to lend to the Borrower the sum of FOUR HUNDRED THOUSAND DOLLARS ($400,000.00)

NOW THEREFORE the parties agree as follows:

1. The Credit

1.1 Temfund shall, on the terms and conditions of this agreement, establish a term credit in favour of the Borrower in the amount of$400,000.00 in lawful money of Canada (the "Credit").

1.2 The Credit is made available by Temfund to the Borrower to enable the Borrower to carry out the Purposes and the Borrower shall use all proceeds advanced under the Credit for the Purposes and for no other purpose.

2. Repayment of the Credit

2.1 The Borrower shall repay the sum of $400,000.00 or such portion as is from time to time advanced by Temfund together with interest as provided in this agreement to Temfund as follows:

Interest at the rate of 5.00% per annum calculated semi-annually not in advance, both before and after maturity and default, on the amounts advanced from time to time, computed from the respective dates of such advances, shall become due and be paid on the 15th day of each month in equal consecutive blended monthly payments of principal and interest at $5,117.00 commencing on the 15th day of November, 2012 , Interest will be waived from the date of drawdown until July 15th, 2012 (the "Interest Adjustment Date"), when interest begin to accrue through to November 15th, 2012, the date of the first Interest & Principal payment, when the accrued interest shall be added to the principal. The term is 4 years, and an amortization period of 8 years, with a final payment made on October 15th, 2020.

Any reference in this agreement to "Temfund's Prime Rate" means the variable rate of interest per annum, calculated on the basis of a calendar year, equal to the rate of interest determined by the Royal Bank of Canada, New Liskeard branch, from time to time as its prime rate for Canadian dollar loans made by that bank in Canada, being a variable per annum reference rate of interest adjusted automatically by the bank.

2.2 The Borrower shall have the privilege when not in default in any of its obligations contained in this agreement to prepay any amount of principal or interest at any time without notice.

3. Conditions Precedent

The Borrower acknowledges that Temfund shall not be called on to make any advance under the Credit until the following conditions precedent have been fulfilled:

3.1 No event of default, as set out in paragraph 8 of this agreement, shall have occurred and be continuing.

3.2 The Borrower shall have delivered to Temfund in form satisfactory to Temfund the security set forth in paragraph 4 of this agreement, and all registrations, recordings or filings shall have been completed to the satisfaction of Temfund.

3.3 The Borrower shall have furnished to Temfund copies of resolutions of the Board of Directors of the Borrower in form satisfactory to Temfund authorizing the borrowing contemplated by this agreement, the execution and delivery of this agreement and the security set forth in paragraph 4 of this agreement, all certified by the secretary of the Borrower or another authorized officer of the Borrower.

3.4 Temfund shall have received from counsel for the Borrower a favourable legal opinion in form satisfactory to Temfund.

3.5 There shall, in the opinion of Temfund, have been no material adverse change in the business or financial condition of the Borrower.

3.6 The Borrower shall forthwith furnish to Temfund plans, specifications and proposed contracts for the building or extension involved in the Project, and unless these plans, specifications and contracts are satisfactory to Temfund, no monies will be advanced pursuant to this Agreement. The Borrower shall not materially depart from the plans and specifications furnished without the prior consent of Temfund, but minor changes may be made during construction provided Temfund is notified in writing.

3.7 The Borrower shall have delivered to Temfund pre-authorized payment forms completed by the Borrower authorizing Temfund to draw monthly cheques or prepare debits by paper or electronic entry to cover payments on this loan.

3.8 The Borrower shall have complied with all conditions contained in the Offer of Loan dated May 8th, 2012 (the "Offer of Loan").

4. The Security

As a continuing collateral security for the payment of all advances made under the Credit and interest and all other moneys payable pursuant to this agreement the Borrower shall execute and deliver to Temfund the following, all in form and content satisfactory to Temfund:

4.1 A loan agreement.

4.2 A PMSI for $400,000.00 which will be used as a deposit registered on the Sarj pelletizing equipment.

4.3 A PariPassu security registration including mortgage on all remaining equipment, land, buildings and chattels registered in concert with STCDC and NOHFC.

4.4 A Personal Guarantee of $250,000.00 by Kenny Doupe and Keyman Insurance on the life of Kenny Doupe also for $250,000.00.

4.5 All other documentation necessary in Temfund's opinion, acting reasonably, to complete this transaction in accordance with the terms of this offer.

hereinafter referred to as the "Security".

5. Representations and Warranties of the Borrower

The Borrower represents and warrants to Temfund (which representations and warranties shall be true and correct on the date of this loan agreement and on the dates of any advances) that:

5.1 The Borrower is a corporation legally incorporated, duly organized and validly existing, in good standing under the laws of the jurisdiction of its incorporation and is qualified to carry on its business in all jurisdictions where the nature of its business or the character of its properties make such qualification necessary.

5.2 The borrowing of money by the Borrower and the execution, delivery and performance of this agreement and the Security are within the corporate powers and capacities of the Borrower and have been duly authorized by proper corporate proceedings.

5.3 There are no actions, suits or proceedings pending or to the knowledge of the Borrower threatened against or adversely affecting the Borrower in any court or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau or agency, Canadian or foreign which might materially affect the financial condition of the Borrower or the title to its property or assets.

5.4 The execution and delivery of this agreement, the consummation of the transactions contemplated by this agreement, the execution and delivery to Temfund of the Security, and the compliance with the covenants, terms, provisions and conditions of this agreement will not conflict with or result in a breach of any of the terms or provisions of the by-laws of the Borrower or any resolution of the directors or shareholders of the Borrower, any laws of Canada, or the Province of Ontario, governing the Borrower, or any agreement or instrument to which the Borrower is now a party or which purports to be binding on the Borrower or its property and assets.

5.5 This agreement and all other deeds, documents or instruments to be delivered pursuant to this agreement will, when executed and delivered, constitute valid and binding obligations of the Borrower enforceable against it in accordance with their respective terms, except as may be limited by other deeds, documents or instruments delivered pursuant to this agreement, or by applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting the enforcement of creditors' rights

5.6 The borrowing of money under this agreement and the execution and delivery of this agreement do not require the consent or approval of any other party.

5.7 All balance sheets, earnings statements and other financial data, which have been or shall be furnished to Temfund to induce Temfund to enter this agreement or otherwise in connection with this agreement have been or will be prepared in accordance with generally accepted accounting principles (which means, with respect to the Borrower, generally accepted accounting principles consistently followed through prior fiscal periods as given effect to in previous financial statements of the Borrower) and do or will fairly present the financial condition and the results of the operations of the Borrower, and all other information, certificates, schedules, reports and other papers and data furnished by the Borrower are or will be at the time they are so furnished, accurate and complete in all material respects.

5.8 No material adverse change has occurred in the business or condition of the Borrower since the date of the Offer of Loan.

5.9 The Borrower has good and marketable title to all its property and assets free and clear of any mortgage, charge, pledge, lien or other encumbrance, except as specified in the Offer of Loan or otherwise disclosed to and accepted by Temfund.

5.10 Accuracy of information. All factual information previously or contemporaneously furnished by or on behalf of the Borrower in writing to Temfund for purposes of or in connection with this offer or any transaction contemplated hereby, is and all other such factual information pursuant to this offer to Temfund will be, true and accurate in every material respect on the date as of which such information is dated or certified and such information is not, or shall not be, as the case may be, incomplete by the omission of any material fact necessary to make such information not misleading.

6. Affirmative Covenants

The Borrower covenants with Temfundthat so long as any amounts advanced under the Credit together with interest remain outstanding:

6.1 It will deliver to Temfund:

6.1.1 To provide Temfund on a monthly basis with financial statements and reports as Temfund may require acting reasonably;

6.1.2 As soon as practicable and in any event within ninety days after the end of each fiscal year, the annual [audited] financial statements of the Borrower including the statement of profit and loss of the Borrower for that year, and a balance sheet of the Borrower as of the end of that year, setting forth in each case in comparative form, corresponding figures from the preceding annual [audit], together with the accountants' report, all in reasonable detail and satisfactory in scope and substance to Temfund;

6.1.3 With reasonable promptness, other financial data as Temfund may reasonably request.

6.2 It will permit any person designated by Temfund in writing to visit and inspect any of the properties, corporate books and financial records of the Borrower and to discuss the affairs, finances and accounts of the Borrower with the principal officers of the Borrower at all reasonable times and as often as Temfund may reasonably request.

6.3 It will insure and keep insured the property mortgaged or charged by the Security with extended coverage against loss or damage by fire, theft, collision or other insurance hazards commonly insured against to the full insurable value. All insurance shall be maintained with an insurer or insurers as may be approved by Temfund. The loss under all insurance will be payable to Temfund and the Borrower. The Borrower shall pay or cause to be paid all premiums in connection with the insurance and will deposit certified copies of insurance policies with Temfund or otherwise deal with them as Temfund may require.

6.4 It will give Temfund prompt written notice of any material adverse change in the condition or business of the Borrower, financial or other, or of any material loss, destruction or damage of or to any property secured by the Security.

6.5 It will cause the Security and any other instruments of conveyance or assignment effected pursuant to this agreement to be and remain registered, recorded or filed from time to time in a manner and places as may in the opinion of Temfund be of advantage in perfecting the Security and will furnish to Temfund evidence satisfactory to it of registration, recording and filing.

6.6 It will diligently maintain, use and operate or will cause to be maintained, used or operated, the property and assets which are mortgaged or charged by the Security and will carry on and conduct its business in a proper and efficient manner so as to preserve and protect the property and assets and the business and its earnings, incomes, rents, issues and profits.

6.7 It will duly and punctually pay to Temfund the principal, accrued interest and all other moneys payable on the dates, at the place, in the manner mentioned in this agreement.

6.8 It will pay or reimburse Temfund for all costs, charges and expenses (including legal fees) of or incurred by Temfund in connection with this agreement or any security taken in pursuance of this agreement, including all costs, charges and expenses in connection with the recovery or enforcement of payment of moneys advanced under the Credit, together with interest at the rate set out in this agreement.

6.9 It will maintain at all times proper records and books of account and make true and correct entries in the records of all dealings and transactions relating to its business.

6.10 It will maintain at all times the financial ratios specified in Schedule "B"

6.11 It will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed under any law or regulation of Canada, the Province of Ontario, or any other province where its assets may be located, or any municipality, for the purpose of creating and maintaining the Security.

6.12 It will do all acts that are necessary to maintain its existence under the laws of the jurisdiction of its incorporation and will obtain, renew and maintain in full force and effect all authorizations, approvals, consents, licences, permits and exceptions as may be required to enable it to observe and perform the obligations on its part to be performed under this agreement and all agreements and security delivered in connection with or incidental to this agreement.

6.13 It will give Temfund written notice of any event of default immediately on the occurrence of such an event.

6.14 It will give Temfund written notice of the occurrence of any material litigation, proceeding or dispute affecting the Borrower and will provide to Temfund all reasonable information requested by Temfund concerning the status of the litigation, proceeding or dispute.

6.15 It shall permit Temfund to retain the services and obtain the opinion or advice of or information and assistance from any lawyer, accountant, surveyor, architect, engineer or other professional or expert personnel as Temfund may deem necessary both before and after any money is advanced. Temfund may pay proper and reasonable compensation for all such legal and other advice or assistance obtained as aforesaid. The Borrower shall repay to Temfund all such expenses incurred.

6.16 Borrower acknowledges that Temfund's approval is relative ONLY to the Revised project of $5.5M, and Temfund's written approval is required or Temfund's loan is to be fully paid out prior to embarking onto Stage II of the project AND/OR entering into any financial agreement with BDC (the Business Development Bank of Canada)

6.17 It will perform all covenants and obligations imposed upon it pursuant to the terms of the Offer of Loan dated May 8th, 2012.

7. Negative Covenants

The Borrower covenants with Temfund that it will not, without the prior written consent of Temfund:

7.1 Issue, transfer or make any other change in the share structure or ownership of the Borrower; redeem, purchase or otherwise acquire, either directly or indirectly any of its shares, or declare or pay any dividend on any of its shares of whatever class, or in any other manner make payments to its shareholders in any fiscal year of the Borrower except for usual remuneration or reimbursement in respect of employment.

7.2 Lend money to, invest in, or become contingently liable by guarantee or otherwise for the obligations of, any person, firm or body corporate.

7.3 Consolidate, amalgamate or merge with any other corporation or acquire the shares or assets of any corporation, firm or partnership, or sell, lease or transfer or otherwise dispose of all or a substantial part of its assets, or enter into any transaction or series of transactions which result in a change of control of the Borrower.

7.4 Enter into or be a party to any contract for the purchase of materials, supplies or other property if the contract requires that payments for those materials, supplies or other property shall be made regardless of whether or not delivery is ever made of the materials, supplies or other property.

7.5 Make sales to an associated corporation except on a cash basis and at a price equal to a fair market price, provided that net sixty days will be construed as a cash basis for the purposes of this paragraph.

7.6 Enter into any partnership, joint venture or similar agreement or arrangement with any other person, firm or corporation.

7.7 Create, permit, assume, have outstanding, or suffer to exist, any mortgage, charge, pledge, assignment, lien, encumbrance or other security whether fixed or floating on its undertaking, property or assets or any part thereof, or pledge, assign or transfer any such assets as security for lease-back, provided that this covenant shall not apply to any mortgage, charge, lien, hypothecation or other encumbrance upon property:

7.7.1 given by the Borrower in compliance with the requirements of this agreement, or permitted hereby, or

7.7.2 arising by operation of law, or

7.7.3 given in extension or renewal or replacement thereof upon the same property if the principal amount of the indebtedness secured thereby is not increased, or

7.7.4 existing on the date hereof and disclosed in writing to Temfund;

PROVIDED that the covenants contained in this paragraph dealing with sale, release and pledging of charged property shall in no way hinder or prevent the Borrower from selling, pledging, assigning or giving purchase money security or securities on any and all inventory or stock-in-trade and accounts receivable to any person or bank or banks under the Bank Act of Canada or otherwise, in the ordinary course of business and for the purpose of carrying on the same.

PROVIDED further that the Borrower may, however, at any time, without the prior written consent of Temfund, sell or otherwise dispose of machinery, fixtures, equipment and vehicles which are not necessary to or useful in connection with its business and undertaking, or which have become worn out or damaged or otherwise unsuitable for its purpose provided that it shall forthwith substitute therefor, subject to the Security held by Temfund, free from prior liens or charges, property of equal value so that the security of Temfund shall not thereby be in any way reduced or impaired. The Borrower shall report annually to Temfund the machinery, fixtures, equipment and vehicles sold or otherwise disposed of by the Borrower or which have been worn out or damaged or otherwise unsuitable for its purpose and any replacement of or addition to the same.

7.8 Do any act which could adversely affect the ranking or validity of the security interests created, granted or intended to be created or granted to Temfund pursuant to the Security.

7.9 Change the general nature of the business of the Borrower.

7.10 Make commitment for any capital expenditures or any equipment leases of a capital nature totalling in excess of $100,000.00 in the aggregate in any fiscal year, excepting only expenditures in connection with the Purposes.

8. Events of Default

The principal advanced under the Credit and all interest payable together with all of the moneys payable pursuant to this agreement shall, at the option of Temfund, become immediately due and payable and any security held by Temfund for the payment thereof shall, at the option of Temfund, become immediately enforceable in each and every of the following events:

8.1 If the Borrower makes default in the repayment of any instalment of principal or interest under the Credit when it becomes due and payable.

8.2 If the Borrower fails to perform or observe any of the covenants contained in this agreement or in any of the Security or the Offer of Loan, and any failure shall not be remedied within the period permitted by the Security.

8.3 If any representation, warranty, certificate, statement or report made in connection with this agreement or in connection with advances under the Credit is false or erroneous in any material respect.

8.4 If any indebtedness of the Borrower for liabilities other than to Temfund becomes due prior to the stated maturity date, unless and to the extent that the same shall be contested in good faith and by appropriate proceedings by the Borrower.

8.5 If the Borrower becomes insolvent or bankrupt or subject to the provisions of the *Winding-Up Act*, R.S.C. 1985, c. W-11, as amended or the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, or goes into liquidation, either voluntarily or under an order of a court of competent jurisdiction, or makes a general assignment for the benefit of its creditors or otherwise acknowledges itself insolvent.

8.6 If the Borrower removes any part of its undertaking and property and assets out of the Province of Ontario, other than inventory in the process of shipping to customers, or located at or on customers' premises.

8.7 If the Borrower abandons all or any part of its undertaking and property and assets or ceases or threatens to cease to carry on its business, or threatens to commit any act of bankruptcy.

8.8 If any execution, sequestration, extent, or any other process of any court becomes enforceable against the Borrower or if a distress or analogous process is levied on the property and assets of the Borrower, and the execution, sequestration, extent, distress or process, remains unsatisfied for a period as would permit the property or a part of it to be sold.

8.9 If the Borrower shall permit any amount which has been admitted is due by the Borrower or is not disputed to be due by it and forms or is capable of being made a charge on any of the property and assets subject to the mortgages and charges created by the Security, in priority to or *paripassu* with such mortgages and charges, to remain unpaid for fifteen days after the amounts are due.

8.10 If Temfund in good faith believes that the ability of the Borrower to pay any of its obligations to Temfund or to perform any of the covenants contained in this agreement is impaired or the security referred to in this agreement is impaired or is in jeopardy.

9. General

9.1 If at any time it appears to Temfund that the cost of carrying out the Purposes will exceed the estimated cost, Temfund may require evidence of the Borrower's ability to finance the extra cost. Notwithstanding anything herein contained, neither compliance with the provisions of the aforementioned paragraphs, nor the making of any advance or advances pursuant to this agreement, shall oblige Temfund to make any advance or further advance in the event that Temfund is not satisfied as to the Borrower's ability to finance the extra costs.

9.2 The Borrower covenants that it will execute or cause to be made, done or executed, all further and lawful acts, deeds, things, devices, conveyances and assurances whatsoever for effecting the purposes and intent of this agreement as counsel for Temfund shall reasonably advise or request.

9.3 Temfund may from time to time appropriate any moneys received by it from the Borrower or from the proceeds of security given by the Borrower in or towards payment of the liabilities intended to be secured, as it in its sole discretion may see fit and the Borrower shall not have the right to require any other appropriation, and it is agreed that the taking of a judgment or judgments or any other action or dealing whatsoever by Temfund with respect to the securities shall not operate as a merger of any debt owing by the Borrower to Temfund or any part.

9.4 Notice to be given shall, save as otherwise specifically provided, be in writing addressed to the party for whom it is intended and shall not be deemed received until actual receipt by the other party except if sent by telex or facsimile, in which case it shall be deemed received on the business day next following the date of transmission. The mailing, telex and facsimile addresses of the parties shall be:

9.4.1 As to the Borrower:
999582 Highway #11 North, RR#2, New Liskeard, Ontario P0J 1P0

9.4.2 As to Temfund:
74C Scott Street, P.O. Box 1810, New Liskeard, Ontario P0J 1P0
PHONE: (705) 628-2444, FAX: (705) 628-2554

or any other mailing, telex or facsimile addresses as the parties from time to time may notify the other.

9.5 This agreement and all other agreements, security and documents to be delivered in connection with this agreement shall be governed by and construed in accordance with the applicable laws of the Province of Ontario and of Canada.

9.6 This agreement shall be binding on and enure to the benefit of the Borrower, Temfund and their respective successors and assigns, except that the Borrower shall not, without the prior written consent of Temfund, assign any rights or obligations with respect to this agreement. Temfund may transfer, assign or grant participation in its rights and obligations with respect to this agreement or any other agreement contemplated to any lending institution which it considers to be financially responsible, provided that any transfer, assignment or grant shall neither result in any additional cost to the Borrower nor, without the consent of the Borrower, release Temfund from its obligations under this agreement.

9.7 Any provision of this agreement which is or becomes prohibited or unenforceable in any jurisdiction shall not invalidate or impair the remaining provisions of this agreement which shall be deemed severable from the prohibited or unenforceable provision and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable that provision in any other jurisdiction.

9.8 No amendment, supplement or waiver of any provision of this agreement, or any other agreements provided for or contemplated, nor any consent to any departure by the Borrower, shall in any event be effective unless it shall be in writing and signed by Temfund and then the waiver or consent shall be effective only in the specific instance for the specific purpose for which it has been given.

9.9 No waiver or act or omission of Temfund shall extend to or be taken in any manner whatsoever to affect any subsequent event of default or breach by the Borrower of any provision of this agreement or the results or the rights resulting from it.

9.10 Time shall be of the essence of this agreement.

9.11 This agreement shall remain in full force and effect until the payment and performance in full of all of the Borrower's obligations under this agreement.

9.12 This agreement constitutes the entire agreement among the parties and cancels and supersedes any prior agreements, undertakings, declarations or representations, written or verbal in respect of it.

9.13 All matters in difference with respect to this Agreement shall be resolved as follows:

9.13.1 By negotiation carried out between the parties either directly, or through or with the assistance of such advisers as either may engage.

9.13.2 In default of resolution through negotiation, by mediation or such similar dispute resolution process as the parties may select.

9.13.3 In default of resolution by any mechanism implemented as a result of the previous paragraph, by arbitration, to be conducted by a single arbitrator if the parties are able to agree upon a selection, and in default thereof by three arbitrators one chosen by Temfund, one by the Borrower, and the third by the two first selected. The provisions of this paragraph constitute a submission within the meaning of the Arbitrations Act of Ontario in force at the date hereof and as amended from time to time.

The parties undertake and agree to act promptly, reasonably and in good faith in attempting to resolve disputes pursuant to the provisions of this article. In the event that the dispute is resolved by arbitration, costs shall be in the discretion of the arbitrator, who is hereby directed in his or her award of costs to penalize conduct on the part of any party which is unreasonable, which aggravates the dispute or diminishes or delays the prospect of its expeditious resolution, or which exhibits bad faith.

IN WITNESS WHEREOF the parties have caused this agreement to be executed by their respective officers duly authorized.

1793082 Ontario Ltd. a/o KD Quality Pellets

per: Kenneth Andrew Doupe
President

I have authority to bind the Corporation.

SCHEDULE "A"

Purposes

This is Schedule "A" to an agreement dated as of the 9th day of May, 2012, between Temfund and 1793082 Ontario Ltd. o/a KD Quality Pellets.

SCHEDULE "B"

Financial Ratios

- Minimum working capital of not less than $________________. For the purposes of this agreement "working capital" means the value of current assets less current liabilities as shown on the Borrower's financial statements from time to time.

- Maintain a current ratio of not less than _______________ to _______________. The term "current ratio" means the ratio of current assets to current liabilities.

- Maintain a debt to equity ratio _______________ to _______________. "Debt" shall include all current and long term liabilities except amounts due to shareholders, repayment of which has been specifically been postponed to the Security, which amounts are to be included in computing "equity".

- Maintain shareholders' equity totalling not less than $____________.

- Maintain debt service coverage of not less than __________________%. Debt service coverage shall be calculated as follows:

  Earnings before interest, taxes, depreciation and amortization (exclusive of capital expenditures for maintenance purposes) / total annual principal and interest payments

TAB: D

Temiskaming Development
Fund Corporation

November 24, 2014

Mr Ken Doupe, President
KD Quality Pellets
999697 Hwy # 11 North, RR # 2,
New Liskeard, ON
P0J 1P0

Subject: Approval of KDQP Bridge Line of Credit Loan of $150,000

At the Temfund Board of Directors' Regular Meeting held on November 20th, 2014, Directors discussed your request for a short term loan of $150,000 to finalize the payment and installation of the second pelletizer line. Throughout the site visit, it was apparent that areas of concern which existed in previous site visits had been rectified, and that the plant was running efficiently. When the meeting was moved to the boardroom, and we were joined by Jules Roy by telephone, Temfund was pleased with the scheduling and maintenance programs designed by plant foreman Philip Veley, and that a manufacturing "culture" had been implemented at KDQP, but also were pleased that both Philip and Jules had made financial commitments to the facility.

Although Temfund had and still have concerns with the cost of electricity; a long term supply of cheap dry input material; and achieving sufficient margins, the Temfund Board passed the following:

Motion #14.11.20 -2 – ***Duly moved and seconded that Temfund approve KDQP for a Bridge Line of Credit of $150,000 @ 5%, over a max term of 2 years, with interest to begin to accrue on the 15th of the month following the advancing of funds, and will continue to accrue until the month following the commissioning and full production of Pelletizer Line # 2, at which time P & I will be paid monthly over a term of 18 months as a PAD drawn after the deposit of Rentek's payment under a jointly signed agreement by KDQP and Temfund in an acceptable document drafted by KDQP's solicitor Ted Tichinoff of EBS; supported by a Personal Guarantee by Ken & Samantha Doupe;***
AND FURTHERMORE, should a secondary financier such as Pace Credit Union replace all or a part of the current financing package in the future, and request Temfund's subordination of all or part of current security, Temfund requires that Temfund be ranked ahead of other agencies on the front property known as KD Logging.

Sincerely,

Lorne Hillcoat, Coordinator

Cc: Temfund Board of Directors

74 C Scott St., Box 1810
New Liskeard, ON
P0J 1P0
PH: (705) 628-2444
CELL: (705) 568-7055
TOLL FREE: 1-800-362-9816
EMAIL: temfund@temfund.ca

THIS AGREEMENT made as of *December 02, 2014 KD

BETWEEN:

KD QUALITY PELLETS (KDQP)

AND:

TEMISKAMING DEVELOPMENT FUND CORPORATION (TEMFUND)

WHEREAS the Temfund wishes to advance to KDQP a bridge line of credit loan in the amount of $150,000.00 over a term of two years with interest to accrue on the 15th of the month following the advancing of funds and which will continue to accrue until the month following the commissioning and full production of KD Quality Pellets Pelletizer Line #2 at which time both principle and interest will be paid monthly over a term of 18 months;

AND WHEREAS Rentek is the main purchaser from KDQP and who makes monthly payments to KDQP for pellets received by Rentek;

AND WHEREAS Temfund requires that the payments from KDQP be secured and paid at the time of the monthly deposit by KDQP's main purchaser of pellets;

NOW THEREFORE KDQP agrees, undertakes and pledges that it shall, both for the payments of monthly interest and for the above noted payments of principle and interest, direct and authorize its chartered bank to immediately upon the receipt and deposit of the Renteck monthly payment, to transfer the required payment of interest accrued or principle and interest to Temfund, either by direct transfer or by debiting an account set up by Temfund at that branch or in any other bank branch;

The said payments of monthly accrued principle and interest shall be calculated in accord with Schedule A attached to this Agreement.

This Assignment and/or counterparts hereof, may also be executed either in original, PDF and/or faxed form and the parties adopt any signatures received by a receiving fax machine or PDF as original signatures of the parties.

IN WITNESS WHEREOF each of the parties hereto have duly executed this Agreement.

KD Quality Pellets

Per: ______________________
Name: KEN DROUPE
Title: PRESIDENT

Temiskming Development Fund Corporation

Per: ______________________
Name:
Title:

We have authority to bind the Corporation

PROMISSORY NOTE

K.D. SSD.

DATE: December 02 ~~November~~ 2014

PAYABLE: Interest accrues on the 15th of the month following the advancing of funds and will continue to accrue until the month following the commissioning and full production of Pelletizer Line # 2, at which time the principal and interest will be payable in blended monthly installments on the ___th day of each and every month over a term of 18 months by way of pre-authorized direct payments.

AMOUNT: $150,000.00

FOR THE VALUE RECEIVED, the undersigned, KD Quality Pellets (the payor), promises to pay to the order of Temfund or Temiskaming Development Fund Corporation (the payee) the sum of **ONE HUNDRED AND FIFTY THOUSAND** Dollars ($ 150,000.00) together with interest at the rate of 5 (five) % per annum, calculated semi-annually, not in advance pursuant to the terms outlined above being a maximum term of 24 months from the date of the advance of funds.

WHEN not in default hereunder the payor shall have the privilege of prepaying the whole or any part of the principal amount without penalty or bonus interest.

The promissory note hereby secured being also secured by a _____ of even date given by the payor to the payee, it is understood and agreed, and the payor covenants that payments on either shall constitute payment on both and default on either shall constitute default on both.

IN the event the payor should sell, convey, assign, or any other way dispose of the plant municipally known as KD Quality Pellets located in Temiskaming, Ontario then the whole or principal sum hereby secured together with interest thereon shall become due and payable on the demand of the payee.

The promissory note shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

KD Quality Pellets

Per: ______________________________

Ken Doupe, President

The Guarantors, Ken Doupe and Samantha Doupe, personally guarantee the Promissory Note in the amount of $ 150,000.00 due to the Payee by the Payor.

______________________________ Ken Doupe, personally

Samantha S. Doupe.
______________________________ Samantha Doupe, personally

27/Nov/2014

EVANS, BRAGAGNOLO & SULLIVAN LLP
Mortgage Amortization
ALL DATES

Prepared For:	kdqp		
Re:	temfund advance	Years :	1.50
Principal:	150000.00	Payment :	8663.62
Rate:	5.0000	Payment Frequency:	Monthly
Compounded:	2	Interest Factor	1.004123915

Date	Payment Number	Total Payment	Interest Payment	Principal Payment	Balance Loan	Total Int Per Year	Per Diem
		*** Interest Adjustment ***					
28/Nov/2014	TO 15/Dec/2014		345.82			345.82	
15/Jan/2015	2	8663.62	618.59	8045.03	141954.97	964.41	20.34
15/Feb/2015	3	8663.62	585.41	8078.21	133876.76	1549.82	19.25
15/Mar/2015	4	8663.62	552.10	8111.52	125765.24	2101.92	18.16
15/Apr/2015	5	8663.62	518.65	8144.97	117620.27	2620.57	17.06
15/May/2015	6	8663.62	485.06	8178.56	109441.71	3105.63	15.95
15/Jun/2015	7	8663.62	451.33	8212.29	101229.42	3556.96	14.84
15/Jul/2015	8	8663.62	417.46	8246.16	92983.26	3974.42	13.73
15/Aug/2015	9	8663.62	383.46	8280.16	84703.10	4357.88	12.61
15/Sep/2015	10	8663.62	349.31	8314.31	76388.79	4707.19	11.49
15/Oct/2015	11	8663.62	315.02	8348.60	68040.19	5022.21	10.36
15/Nov/2015	12	8663.62	280.59	8383.03	59657.16	5302.80	9.23
15/Dec/2015	13	8663.62	246.02	8417.60	51239.56	5548.82	8.09
31/Dec/2015					Sub-Total	5657.88	
15/Jan/2016	14	8663.62	211.31	8452.31	42787.25	102.25	6.95
15/Feb/2016	15	8663.62	176.45	8487.17	34300.08	278.70	5.81
15/Mar/2016	16	8663.62	141.45	8522.17	25777.91	420.15	4.66
15/Apr/2016	17	8663.62	106.31	8557.31	17220.60	526.46	3.50
15/May/2016	18	8663.62	71.02	8592.60	8628.00	597.48	2.34
15/Jun/2016	19	8663.58	35.58	8628.00	0.00	633.06	1.17

Final Payment	0.00
Principal Paid to Date	150000.00
Interest Paid to Date	6290.94
Total Paid to Date	156290.94

E. & O.E.

REPORT SELECTIONS - Mortgage Amortization

Layout Template:	All
Requested by:	TED
Finished:	Thursday, November 27, 2014 at 12:14:46 PM
Date Range:	ALL DATES
Name:	kdqp
Re:	temfund advance
Principal:	150000.00
Rate:	5.00
Payment:	8663.62
Ver:	11.0 SP2 HF1 (11.0.20120315)

Date: 2019-01-03

KD Pellets
Bridge Loan

Initial Principal	$150,000.00	
Positive Payments = 0	Negative Payments = 0	
Payment	$6,567.34	
Compound Interest	Semiannually	
Interest rate (2019-01-03)	5.0000 %	
Payment Frequency	Monthly	
Origination Date	2014-11-26	
First Payment	2014-12-15	

NO PAYMENTS MADE

	Start Date	Pmt Date	Payment	Rate	Principal	Interest	Balance	Comment
1	2014-11-26	2014-12-15	$0.00	5.0000 %	$-391.48	$391.48	$150,391.48	
2014 Totals			$0.00		$-391.48	$391.48	$150,391.48	
2	2014-12-15	2015-01-15	$0.00	5.0000 %	$-620.20	$620.20	$151,011.68	
3	2015-01-15	2015-02-15	$0.00	5.0000 %	$-622.76	$622.76	$151,634.44	
4	2015-02-15	2015-03-15	$0.00	5.0000 %	$-625.33	$625.33	$152,259.77	
5	2015-03-15	2015-04-15	$0.00	5.0000 %	$-627.91	$627.91	$152,887.68	
6	2015-04-15	2015-05-15	$0.00	5.0000 %	$-630.50	$630.50	$153,518.18	
7	2015-05-15	2015-06-15	$0.00	5.0000 %	$-633.10	$633.10	$154,151.28	
8	2015-06-15	2015-07-15	$0.00	5.0000 %	$-635.71	$635.71	$154,786.99	
9	2015-07-15	2015-08-15	$0.00	5.0000 %	$-638.33	$638.33	$155,425.32	
10	2015-08-15	2015-09-15	$0.00	5.0000 %	$-640.96	$640.96	$156,066.28	
11	2015-09-15	2015-10-15	$0.00	5.0000 %	$-643.60	$643.60	$156,709.88	
12	2015-10-15	2015-11-15	$0.00	5.0000 %	$-646.26	$646.26	$157,356.14	
13	2015-11-15	2015-12-15	$0.00	5.0000 %	$-648.92	$648.92	$158,005.06	
2015 Totals			$0.00		$-7,613.58	$7,613.58	$158,005.06	
14	2015-12-15	2016-01-15	$0.00	5.0000 %	$-651.60	$651.60	$158,656.66	
15	2016-01-15	2016-02-15	$0.00	5.0000 %	$-654.29	$654.29	$159,310.95	
16	2016-02-15	2016-03-15	$0.00	5.0000 %	$-656.98	$656.98	$159,967.93	
17	2016-03-15	2016-04-15	$0.00	5.0000 %	$-659.69	$659.69	$160,627.62	
18	2016-04-15	2016-05-15	$0.00	5.0000 %	$-662.41	$662.41	$161,290.03	
19	2016-05-15	2016-06-15	$0.00	5.0000 %	$-665.15	$665.15	$161,955.18	
20	2016-06-15	2016-07-15	$0.00	5.0000 %	$-667.89	$667.89	$162,623.07	
21	2016-07-15	2016-08-15	$0.00	5.0000 %	$-670.64	$670.64	$163,293.71	
22	2016-08-15	2016-09-15	$0.00	5.0000 %	$-673.41	$673.41	$163,967.12	
23	2016-09-15	2016-10-15	$0.00	5.0000 %	$-676.19	$676.19	$164,643.31	
24	2016-10-15	2016-11-15	$0.00	5.0000 %	$-678.98	$678.98	$165,322.29	
25	2016-11-15	2016-12-15	$0.00	5.0000 %	$-681.78	$681.78	$166,004.07	
2016 Totals			$0.00		$-7,999.01	$7,999.01	$166,004.07	
26	2016-12-15	2017-01-15	$0.00	5.0000 %	$-684.59	$684.59	$166,688.66	
27	2017-01-15	2017-02-15	$0.00	5.0000 %	$-687.41	$687.41	$167,376.07	
28	2017-02-15	2017-03-15	$0.00	5.0000 %	$-690.24	$690.24	$168,066.31	
29	2017-03-15	2017-04-15	$0.00	5.0000 %	$-693.09	$693.09	$168,759.40	
30	2017-04-15	2017-05-15	$0.00	5.0000 %	$-695.95	$695.95	$169,455.35	
31	2017-05-15	2017-06-15	$0.00	5.0000 %	$-698.82	$698.82	$170,154.17	

	Start Date	Pmt Date	Payment	Rate	Principal	Interest	Balance	Comment
32	2017-06-15	2017-07-15	$0.00	5.0000 %	$-701.70	$701.70	$170,855.87	
33	2017-07-15	2017-08-15	$0.00	5.0000 %	$-704.60	$704.60	$171,560.47	
34	2017-08-15	2017-09-15	$0.00	5.0000 %	$-707.50	$707.50	$172,267.97	
35	2017-09-15	2017-10-15	$0.00	5.0000 %	$-710.42	$710.42	$172,978.39	
36	2017-10-15	2017-11-15	$0.00	5.0000 %	$-713.35	$713.35	$173,691.74	
37	2017-11-15	2017-12-15	$0.00	5.0000 %	$-716.29	$716.29	$174,408.03	
2017 Totals			$0.00		$-8,403.96	$8,403.96	$174,408.03	
38	2017-12-15	2018-01-15	$0.00	5.0000 %	$-719.24	$719.24	$175,127.27	
39	2018-01-15	2018-02-15	$0.00	5.0000 %	$-722.21	$722.21	$175,849.48	
40	2018-02-15	2018-03-15	$0.00	5.0000 %	$-725.19	$725.19	$176,574.67	
41	2018-03-15	2018-04-15	$0.00	5.0000 %	$-728.18	$728.18	$177,302.85	
42	2018-04-15	2018-05-15	$0.00	5.0000 %	$-731.18	$731.18	$178,034.03	
43	2018-05-15	2018-06-15	$0.00	5.0000 %	$-734.20	$734.20	$178,768.23	
44	2018-06-15	2018-07-15	$0.00	5.0000 %	$-737.23	$737.23	$179,505.46	
45	2018-07-15	2018-08-15	$0.00	5.0000 %	$-740.27	$740.27	$180,245.73	
46	2018-08-15	2018-09-15	$0.00	5.0000 %	$-743.32	$743.32	$180,989.05	
47	2018-09-15	2018-10-15	$0.00	5.0000 %	$-746.38	$746.38	$181,735.43	
48	2018-10-15	2018-11-15	$0.00	5.0000 %	$-749.46	$749.46	$182,484.89	
49	2018-11-15	2018-12-15	$0.00	5.0000 %	$-752.55	$752.55	$183,237.44	
2018 Totals			$0.00		$-8,829.41	$8,829.41	$183,237.44	

Grand Total

Initial Principal	$150,000.00
Additional Principal	$0.00

Total Principal	$150,000.00
Total Interest	$33,237.44
Total Payments	$0.00
Balance	$183,237.44
Method	Normal (Comp., Eff. Rate) Equal Periods
Day Count	Actual/Actual
Payment Method	Normal
Daily interest on True Balance	$ 25.10

TAB: E

GUARANTEE

TO: **TEMISKAMING DEVELOPMENT FUND CORPORATION (the "Lender")**

IN CONSIDERATIONof the Lender making or continuing to make advances or otherwise giving credit to **1793082 ONTARIO LTD. O/A KD QUALITY PELLETS** (hereinafter called the "Borrower"),**KENNETH ANDREW DOUPE**(hereinafter called the "**Guarantor**") guarantees the due payment and discharge of the Borrower's indebtedness to the Lender now or hereafter incurred on all accounts of the Borrower with the Lender, whether solely or on joint account or in partnership and of the Borrower's liability to the Lender whether as principal or surety; including without limitation thereto, the repayment of all moneys advanced or which may be advanced by the Lender to the Borrower or to others on the faith or paper of the Borrower, all liabilities direct or indirect to which the Lender may become subject to as a result of making advances to or dealing with the Borrower, the due payment of all monies which are now or may at any time hereafter become due or owing directly or indirectly from the Borrower to the Lender on the ultimate balance of such accounts or liabilities whether absolute or contingent and all interest, commissions, costs (including legal fees), charges and expenses that may be incurred by the Lender respecting such advances, liabilities, ultimate balance or any security therefor, and the Guarantor agrees to the following terms and conditions:

1. The liability of the Guarantor hereunder shall be in the amount of **TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000.00)**and shall bear interest from the date of demand for payment as hereinafter provided.

2. If more than one Guarantor executes this Guarantee the provisions hereof shall be read with all necessary grammatical changes, each reference to the Guarantor shall include each and every one of the undersigned severally, and this Guarantee and all covenants and agreements herein contained shall be deemed to have been made by the undersigned jointly and severally.

3. The Lender may compound with or grant extensions of time or other indulgence to the Borrower or with or to any person or persons liable to the Lender for the indebtedness and liability hereby guaranteed or any part thereof, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Borrower, with other parties and with security as the Lender may see fit. The Lender may apply all moneys received from the Borrower or others, or from security, upon such part of the Borrower's indebtedness and liability to the Lender as it may think best, without prejudice to and without in any way limiting or lessening the liability of the Guarantor under this Guarantee.

4. Neither the failure of the Lender to take any security that the Guarantor contemplated it would take nor the failure of the Lender to perfect any security shall prejudice, or in any

way limit or lessen the liability of the Guarantor under this Guarantee. The Guarantor expressly waives presentment, demand, notice of dishonour, protest and all other notices whatsoever as well as diligence in collection or protection of or realization upon all or anyof the Borrower's indebtedness and liability to the Lender or any obligation hereunder or any security for any of the foregoing.

5. No loss of or in respect of security received by the Lender from the Borrower or any other person, whether occasioned through the fault of the Lender or otherwise, shall discharge pro tanto, limit or lessen the liability of the Guarantor under this Guarantee. Neither the Lender nor any of its directors, officers, employees or agents shall be responsible in negligence for any act taken or omitted to be taken by the Lender or any of them in connection with any such security.

6. This Guarantee shall be binding on the Guarantor as a continuing guarantee in that it shall remain operative and binding notwithstanding the settlement of the Borrower's indebtedness and liability to the Lender at any time or times or any payment from time to time made to the Lender respecting such indebtedness and liability and notwithstanding whether any other person or corporation now or hereafter liable to the Lender for the indebtedness and liability, in whole or in part, of the Borrower to the Lender shall cease to be so liable whether by release from such liability by the Lender or by operation of law. Provided that the Guarantor or the executors, administrators or successors of the Guarantor may determine further liability under this Guarantee (except for the indebtedness and liability of the Borrower to the Lender arising out of requirements of the Borrower based on agreements express or implied made before the receipt by the Lender of the written notice hereinafter mentioned) for moneys advanced to the Borrower or to others on the faith of the Borrower's paper after the Guarantor or the executors, administrators or successors of the Guarantor shall have given to the Lender written notice of such determination.

7. This Guarantee shall not be determined or affected or the Lender's rights prejudiced by the determination of this Guarantee as to one or more other Guarantors or by the death or loss or diminution of capacity of any other Guarantor or by any change in the name, business, membership, board of directors, powers, objects, organization or management of the Borrower, it being understood that where the Borrower is a partnership or corporation this Guarantee is to extend to the person or persons or corporation for the time being and from time to time carrying on the business now carried on by the Borrower notwithstanding any change in the name or membership of the Borrower if a partnership or, if a corporation, any change in the name of the Borrower or its re-organization or its amalgamation with another or others or the sale or disposal of its business in whole or in part to another or others.

8. The Lender, where the Borrower is a corporation or a partnership, shall not be concerned to

enquire into the powers of the Borrower or the authority of its directors, partners or agents acting or purporting to act in the exercise thereof, and moneys, advances, renewals or credits thereby borrowed or obtained from the Lender shall be deemed to form part of the indebtedness and liability hereby guaranteed even though such borrowing or obtaining was irregularly, fraudulently, defectively or without authority effected notwithstanding that the Lender has specific notice of the powers of the Borrower or of the authority of its directors, partners or agents. Any amount which may not be recoverable from the Guarantor on the basis of a guarantee by reason of any legal limitation, disability or incapacity on or of the Borrower shall nevertheless be recoverable from the Guarantor as principal debtor in respect thereof. For purposes of this Guarantee, the indebtedness and liability of the Borrower shall include every obligation of the Borrower to the Lender notwithstanding any right or power of the Borrower or anyone else to assert any claim or defence respecting the invalidity or unenforceability of any such obligation, and no such claim or defence shall impair or affect the liability hereunder of the Guarantor.

9. The statement to the Guarantor in writing of the indebtedness and liability of the Borrower to the Lender by the manager or acting manager at the time such statement is given at the branch where the Borrower's account is kept shall be binding and conclusive, absent manifest error, and all right to question in any way the Lender's present or future method of dealing with the Borrower or any dealing with any person or persons now or hereafter liable to the Lender for the indebtedness and liability hereby guaranteed or any part thereof or with any security now or hereafter held by the Lender or with any goods or property covered by such security are hereby waived. The Guarantor hereby renounces all benefits of discussion and division, and the Lender shall not be bound to exhaust its recourse against the Borrower or other person or persons or the security the Lender may hold nor to value such security before requiring or being entitled to payment from the Guarantor.

10. Should the Lender receive from the Guarantor any payment or payments either in full or on account of the Guarantor's liability under this Guarantee, the Guarantor shall not be entitled to any security, or a share therein, held by the Lender to secure payment of the Borrower's ultimate balance outstanding with the Lender nor to claim reimbursement against the Borrower until the Lender's claim against the Borrower has been paid in full. Notwithstanding payment of the Guarantor's liability under this Guarantee, the Guarantor will not call on the Lender to sue the Borrower respecting the indebtedness and liability guaranteed hereunder nor will the Guarantor sue the Borrower in the name of the Lender on account of such indebtedness and liability. In case of any liquidation, winding-up or bankruptcy of any other Guarantor or the Borrower, or in the event that the Borrower shall make a sale of any of the Borrower's assets within the bulk transfer provisions of any applicable legislation, or in the case of any composition with creditors or scheme of arrangement, the Lender shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full; any and all right to prove and rank for any Obligations (hereinafter defined) or any amount paid by the Guarantor under this Guarantee and to receive the full amount of all dividends or payments in respect thereto being hereby assigned and transferred to the Lender, and the

Guarantor shall continue liable up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to the Lender by the Borrower. In the event of the valuation by the Lender of any of its security and/or the retention thereof by the Lender, such valuation and/or retention shall not, as between the Lender and the Guarantor, be considered as a purchase of such security, or as payment, satisfaction or reduction of the Borrower's indebtedness and liability to the Lender.

11. The Guarantor shall be liable to make payment to the Lender on account of the indebtedness and liability of the Borrower to the Lender without prior demand therefor by the Lender from the Guarantor, and the Lender may without demand or notice of any kind at any time when any amount shall be due and payable hereunder by the Guarantor to the Lender appropriate and apply to the indebtedness and liability hereby guaranteed (and in such order of application as the Lender may from time to time elect) any property, balances, credits, accounts or moneys of the Guarantor in the possession or control of the Lender for any purpose. A demand hereunder, if made, shall be deemed to have been made when an envelope containing the demand and addressed to the Guarantor at the last address of the Guarantor known to the Lender is deposited, postage prepaid and registered, in the Post Office. The liability hereunder of the Guarantor shall bear interest from the date of such demand at the rate or rates payable by the Borrower to the Lender on the indebtedness and liability of the Borrower to the Lender.

12. All debts and liabilities of the Borrower to the Guarantor, present and future (the 'Obligations"), are hereby postponed and subordinated to the indebtedness and liability of the Borrower to the Lender, and all moneys received by the Guarantor from the Borrower or for the account of the Borrower respecting the Obligations shall be received in trust for the Lender and forthwith upon such receipt paid over to the Lender until the Borrower's indebtedness and liability to the Lender are fully paid and satisfied; all without prejudice to and without in any way limiting or lessening the liability of the Guarantor to the Lender under this Guarantee. Except with the written consent of the Lender, or until such indebtedness and liability are fully paid and satisfied, the Guarantor shall not release, discharge, assign, pledge or in any other manner whatsoever exercise any right respecting or deal with any or all of the Obligations and the Guarantor shall make, execute and deliver such further and other assurances and do all matters and things which the Lender deems necessary or advisable for the protection of its rights under and by virtue of this postponement and subordination. And the Guarantor hereby declares that no security has been taken from the Borrower by the Guarantor for the giving of this Guarantee and agrees not to take any such security so long as the Guarantor's liability hereunder remains outstanding without first obtaining the written consent of the Lender, and, in the event that the Guarantor does take such security, the Guarantor further agrees that, if the Guarantor's liability is limited under this Guarantee, the amount to which such liability is limited shall be deemed to be increased by an amount equal to the value of such security up to what would be the amount of the Guarantor's liability hereunder but for the taking of such security.

13. This Guarantee is given in addition to and without prejudice to any security of any kind, including any guarantee, whether or not in the same form as this Guarantee, now or hereafter held by the Lender. The liability of the Guarantor under any other guarantee executed by the Guarantor and given to the Lender in connection with the indebtedness or liability of the Borrower to the Lender shall not affect or be affected by this Guarantee nor shall this Guarantee affect or be affected by the endorsement by the Guarantor of any note or notes of the Borrower, the intention being that the liability of the Guarantor under such other guarantee or endorsement and this Guarantee shall be cumulative and shall be and remain in full force and effect.

14. There are no representations, collateral agreements or conditions with respect to this Guarantee, or affecting the Guarantor's liability hereunder, other than those contained herein. No alteration or waiver of this Guarantee or of any of its terms or conditions shall be binding on the Lender unless made in writing over the signature of an officer of the Lender expressly authorized to make such alteration or give such waiver.

15. The Lender may without notice of any kind sell, assign or transfer to any third party all or any of the Borrowers indebtedness and liability to the Lender, and in such event each and every immediate and successive assignee, transferee or holder of all or any of such indebtedness and liability shall have the right to enforce this Guarantee by suit or otherwise for the benefit of such assignee, transferee or holder as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits, but the Lender shall have an unimpaired right, prior and superior to that of any such assignee, transferee or holder, to enforce this Guarantee as to so much of such indebtedness and liability as the Lender may not have sold, assigned or transferred.

16. No delay on the part of the Lender in the exercise of any right or remedy shall operate as a waiver thereof, and no partial exercise by the Lender of any right or remedy shall preclude the further exercise thereof or the exercise of any other right or remedy. An action permitted hereunder, but not taken by the Lender, shall not in any way impair or affect this Guarantee.

17. The terms and conditions set out in this Guarantee shall not merge with any judgment which may be obtained against the Guarantor or the Borrower, in the event of a conflict between the terms and conditions of the guarantee provisions contained in the Standard Charge Terms filed as No. 9320 and the provisions contained herein, the provisions of this Guarantee shall prevail.

18. This Guarantee shall be construed in accordance with the laws of the Province of Ontario. The Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this Guarantee may be instituted in the courts of Ontario, and the Guarantor hereby agrees

to accept and submit to the jurisdiction of the said courts, to acknowledge their competence and to be bound by any judgment thereof. Nothing herein shall limit the Lender's right to bring proceedings against the Guarantor elsewhere.

19. This Guarantee shall extend to and enure to the benefit of the successors and assigns of the Lender, and shall be binding upon the Guarantor and the heirs, executors, and administrators or the successors and assigns of the Guarantor. For greater certainty, the successors and assigns of the Lender shall include an entity that is the product of an amalgamation of the Lender with another entity, and the Lender is hereby constituted the attorney of the Guarantor to transfer to such product (the "transferee") the benefit of this Guarantee respecting any indebtedness or liability to the transferee that may be incurred by the Borrower.

Signed, Sealed and Delivered this 15th day of May, 2012 at Haileybury, Ontario.

Witness

Kenneth Andrew Doupe

TAB: F

GENERAL SECURITY AGREEMENT

THIS AGREEMENT made as of May 15th, 2012

BETWEEN:

TEMISKAMING DEVELOPMENT FUND CORPORATION
(hereinafter referred to as the "Secured Party")

OF THE FIRST PART

AND:

1793082 ONTARIO LTD. O/A KD QUALITY PELLETS
(hereinafter referred to as the "Debtor")

OF THE SECOND PART

WITNESSES THAT:

1. **Security Interest:** The Debtor, as security for payment of the sum of FOUR HUNDRED THOUSAND DOLLARS ($400,000.00) or such portion as is from time to time advanced by the Secured Party together with interest as provided in this agreement to the Secured Party, hereafter existing or now existing under a Loan Agreement dated May 15th, 2012 made between the Debtor and the Secured Party (the "Loan Agreement"), including any extensions, amendments or renewals thereof, hereby grants, to the Secured Party, by way of mortgage, charge, assignment and transfer, a continuing, specific and fixed security interest ("Security Interest") in all of the Debtor's property, assets, rights and undertaking of every nature and kind now or at any time and from time to time existing, wherever situate, including, without limiting the generality of the foregoing:

   1.1 **Purchase Money Security Interest:** Amandus Kahl Pelleting press, type flat die 60-1250 in the amount of $400,000.00

   1.2 **Equipment:** all machinery, equipment and other tangible personal property (other than the Inventory) now owned or hereafter acquired or reacquired by the Debtor including, without limiting the generality of the foregoing, all fixtures, plant, machinery, tools and furniture (the "Equipment"); and

   1.2 **Other:** all chattel property (other than the Inventory) now owned or hereafter acquired or reacquired by the Debtor;

   (all of the foregoing being hereinafter collectively called the "Collateral");

   Unless otherwise limited herein, "Chattel Paper", "Documents of Title", "Instruments", "Securities", "Proceeds", and "Accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act (Ontario) (the "Act") as amended from time to time. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to the Collateral or any part thereof. The term "Proceeds" whenever used herein and interpreted as above shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts and any other personal property or obligation received when such Collateral or Proceeds are sold, exchanged, collected or otherwise disposed of.

2. **Warranties and Covenants:** Subject to the terms and conditions herein contained the Debtor hereby warrants and agrees with the Secured Party as follows:

2.1 The Debtor shall not, without the prior written consent of the Secured Party, create, assume or have outstanding any mortgage, charge or other encumbrance on the Collateral ranking in priority to or capable of being enforced in priority to or pari passu with the Security Interest;

2.2 The Debtor shall not, without the prior written consent of the Secured Party, during the currency of this agreement, sell, lease, transfer or otherwise dispose of the Collateral, except in the normal course of business, or move or transfer the Collateral from its current location;

2.3 To defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein;

2.4 To notify the Secured Party promptly of the details of any claims or litigation affecting the Debtor or the Collateral;

2.5 To keep the Collateral in good order, condition and repair and not to use the Collateral in violation of the provisions of this 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;

2.6 To do, execute, acknowledge and deliver such further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Secured Party with respect to the Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

2.7 To prevent the Collateral from being or becoming an Accession to other property not covered by this agreement;

2.8 To carry on and conduct business in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principals, consistently applied, proper books of account for the business as well as accurate and complete records concerning the Collateral at the Secured Party's request so as to indicate the Security Interest;

2.9 To deliver to the Secured Party from time to time promptly upon request:

2.9.1 any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;

2.9.2 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;

2.9.3 all financial statements prepared by or for the Debtor regarding the Debtor's business;

2.9.4 all policies and certificates of insurance relating to the Collateral; and

2.9.5 such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may reasonably request.

3 **Appointment of Attorney:** In the event of default hereunder, the Debtor hereby constitutes and appoints the Secured Party, or any receiver appointed by the court or the Secured Party as provided for in this agreement, the true and lawful attorney of the Debtor irrevocably with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient.

4. **Risk and Insurance:** The Debtor shall bear the sole risk of any loss, damage, destruction or confiscation of or to the Collateral during the Debtor's possession hereunder or otherwise after default hereunder. The Debtor shall insure the Collateral against loss or damage by fire, theft or other insurable perils for the full insurable value thereof with loss payable to the Secured Party as its interest may appear. All such policies of insurance shall provide that the insurance coverage provided thereunder shall not be changed or cancelled except on ten (10) days notice to the Secured Party. If the Debtor shall fail so to insure, the Secured Party may insure the Collateral and the premiums for such insurance shall be added to the balance of the indebtedness secured hereinabove as it exists at the date of the payment of such premium by the Secured Party.

5. **Loss:** The Debtor shall give immediate written notice to the Secured Party of all loss or damage to or loss of possession of the Collateral otherwise than by sale in the ordinary course of the Debtor's business.

6. **Default:** Time shall be in all respects of the essence of this agreement. The Debtor shall be in default hereunder upon the occurrence of any one of the following events:

6.1 The Debtor fails to pay or otherwise perform when due any of its Obligations;

6.2 The Debtor shall breach or fail to perform any term, provision, warranty, representation or covenant of this agreement or of the Offer of Loan;

6.3 The Debtor acknowledges its insolvency or becomes bankrupt or insolvent or commits an act of bankruptcy or takes or attempts to take advantage of any statute for the relief of bankrupt or insolvent debtors or if a receiver shall be appointed of any of the Debtor's assets or if the Equipment is substantially damaged or destroyed or seized under any judicial process or otherwise confiscated;

6.4 Any execution or any other process of any court becomes enforceable against the Debtor or if any distress or analogous process is levied upon the Collateral or any part thereof;

6.5 The Debtor ceases or threatens to cease to carry on business;

6.6 The Debtor makes or proposes to make any sale of its assets in bulk out of the ordinary course of its business;

6.7 A resolution is passed or a petition is filed or if any order or direction is made for the dissolution or winding-up of the Debtor; or

6.8 The Secured Party in good faith and upon reasonable grounds claims that the prospect of payment or performance of any of the Debtor's obligations hereunder or secured hereby is impaired.

7. **Remedies Upon Default:** In the event of any such default the Security Interest shall become immediately enforceable, all Obligations due or to accrue due under the Offer of Loan and any other amounts owing hereunder or thereunder shall forthwith become due and payable and the Secured Party may immediately sue for the entire amount thereof, together with interest thereon after default and until payment in full at the rate specified in the Offer of Loan in respect to amounts owing after default together with all expenses incurred by the Secured Party in recovering the same including all legal costs and in event of such default and in addition to any other rights or remedies available, the Secured Party may avail itself of the following remedies:

7.1 The Secured Party may appoint by instrument in writing a receiver (which term shall include a receiver and manager) of all or any part of the Collateral and remove or replace such receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of such a receiver. Any such receiver appointed by the Secured Party so far as concerns responsibility for his acts shall be deemed the agent of the Debtor and not of the Secured Party. Where the Secured Party is referred to in this section 7 the reference includes, where the context permits, any receiver so appointed and the officers, employees, servants or agents of such receiver.

7.2 The Debtor shall forthwith upon demand and at its expense and risk assemble and deliver to the Secured Party's possession of the Collateral at such place as may be specified by the Secured Party. In any event, at its option the Secured Party may take such steps as it considers necessary or desirable to obtain possession of the Collateral including rendering the Collateral unusable, and to that end the Debtor agrees that all rights of repossession may be exercised by the Secured Party without notice or demand and without legal process, including the right and power to enter upon the lands and premises where the Collateral is situate and remove the same.

7.3 The Secured Party may seize, collect, realize, borrow money on the security of, release third parties, sell (by way of public or private sale), lease or otherwise deal with the Collateral in such manner, upon such terms and conditions, at such time or times and place or places and for such consideration as may seem to it advisable and without notice to the Debtor except as otherwise required by the Act. The Secured Party may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal services and receivers and accounting fees) in or in connection with seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral and may add the amount of such sums to the Obligations of the Debtor secured by this agreement.

7.4 At its option, the Secured Party may elect to retain the Collateral in satisfaction of the Obligations to it of the Debtor in which case the Secured Party shall notify the Debtor of its election in the manner provided by the Act.

7.5 The Secured Party shall not be liable or accountable for any failure to seize, collect, realize, sell or obtain payment of the Collateral and shall not be bound to institute proceedings for the purpose of seizing, collecting, realizing or obtaining possession or payment of the same or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, firm or corporation in respect of same.

7.6 The Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Collateral to third parties and otherwise deal with the Debtor's debtors or sureties or others and with the Collateral and other securities as the Secured Party may see fit without prejudice to the liability of the Debtor, or the Secured Party's right to hold and realize the Collateral.

7.7 All monies collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Obligations and liability of the Debtor as to the Secured Party seems best or may be held unappropriated in a collateral account or in the discretion of the Secured Party may be released to the Debtor, all without prejudice to the Secured Party's claims upon the Debtor.

7.8 In the event of the Secured Party taking possession of the Collateral as provided in this agreement, the Secured Party shall have the right to maintain the same upon the premises on which the Collateral may then be situate, and for the purpose of such maintaining shall be entitled to the free use and enjoyment of all necessary buildings and premises for the proper maintaining, housing and protection of the Collateral, and the Debtor covenants and agrees to provide the same without cost or expense to the Secured Party until such time as the Secured Party determines in its discretion to remove, sell or otherwise dispose of the Collateral.

7.9 The Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor and may to the exclusion of all others, including the Debtor, enter upon, occupy and use all premises of or occupied or used by the Debtor and the Secured Party shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection therewith.

7.10 The Secured Party may, if it deems it necessary for the proper realization of the Collateral, pay any encumbrance, lien, claim or charge that may exist or be threatened against the same. In every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations of the Debtor to the Secured Party secured by this agreement, and shall bear interest at the rate currently charged to the Debtor under its Obligations to the Secured Party.

7.11 The Debtor shall pay to the Secured Party on demand any deficiency that may arise after the sale of the Collateral.

7.12 In addition to those rights granted in this agreement and in any other agreement now or hereafter in effect between the Debtor and the Secured Party and in addition to any other rights the Secured Party may have at law or in equity, the Secured Party shall have, both before and after default, all rights and remedies of a secured party under the Act. Provided always, that the Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purpose. Furthermore, the Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper, whether Collateral or proceeds and whether or not in the Secured Party's possession and shall not be liable or accountable for failure to do so.

All remedies of the Secured Party at law and hereunder are cumulative and concurrent.

8. **Prepayment Privilege:** The Borrower shall have the privilege when not in default in any of its obligations contained in this agreement on payment of three months' interest on the amount prepaid, of prepaying all or any part of the moneys advanced. Any prepayment of a part only of the advances then outstanding and unpaid shall be applied to the balance of the instalments referred to above in the reverse order of maturity.

9. **Retention of Title:** Title to, property in, and ownership of the Collateral shall remain with the Secured Party at the Debtor's risk and shall not pass to the Debtor until all the Obligations owing by the Debtor to the Secured Party shall have been paid in full to the Secured Party.

10. **Waiver:** The Secured Party may waive any breach by the Debtor of any of the provisions contained in this agreement or any default by the Debtor in the observance or performance of any term or condition hereof provided always that no act or omission of the Secured Party shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default of the Debtor or the rights resulting therefrom.

11. **Attachment:** The Debtor and the Secured Party intend for the Security Interest to attach

upon the execution of this agreement (or in the case of any property acquired subsequent thereto, upon the date of such acquisition) and that value has been given and that the Debtor has (or in the case of after-acquired property, will have) rights in Collateral. The parties acknowledge and agree that this agreement and the Security Interest are intended to be a "security agreement" and " security interest" respectively within the meaning of the Act.

12. **Security:** The Security Interest is in addition to and not in substitution for any other security now or hereafter held by the Secured Party, and is not intended to limit any extension or continuance of the Security Interest as set out in the Act.

13. **Judgment:** Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liabilities of the Debtor to make payment of the principal and interest hereby secured nor shall such operate as a merger of any covenant or affect the right of the holder to interest at the rate hereinbefore specified, and any judgment shall bear interest at such rate.

14. **Entire Contract:** This agreement constitutes the entire contract between the parties and there are no representations, warranties, conditions or collateral agreements, express or implied, statutory or otherwise, with respect to the Collateral or this agreement or the rights of the parties other than in the Offer of Loan or as herein contained. No modifications of this agreement shall be valid unless made in writing and signed by the parties hereto.

15. **Acknowledgment:** The Debtor hereby acknowledges receipt as of the date of execution of these presents of a copy of this agreement.

16. **Further Assurances:** The parties hereto shall sign such further and other documents and shall do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this agreement and every part thereof.

17. **Binding Effect:** This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns as the case may be.

18. **Applicable Law:** This agreement and all the terms hereof shall be construed in accordance with the laws of the Province of Ontario. Any provisions of this agreement prohibited by law shall, to the extent prohibited, be ineffective without invalidating any other provision herein.

19. **Notice:** Every notice, consent, demand and other communication in connection with this agreement and all legal process in regard hereto shall be validly given, made or served if in writing and delivered to, or mailed, postage prepaid, or telecopied or telexed to the intended recipient at:

to the Debtor at:
999582 Highway #11 North, RR#2, New Liskeard, ON, P0J 1P0

to the Secured Party at:
P.O. Box 1810, New Liskeard, Ontario P0J 1P0

or to such other address as any party may from time to time designate by notice. Any notice, requisition, demand or other instrument, if delivered, shall be deemed to have been given or made on the day on which it was delivered and if sent by telegram, telegraph, telecommunication or other similar form of communication shall be deemed to have been given or made on the business day next following the day on which it was so sent, and if mailed shall be deemed to have been given or made on the 5th business day following the day on which it was so mailed. Any party hereto may give written notice of change of address in the same manner in which case any notice shall thereafter be given to it as above provided at such changed address.

20. **Titles:** All headings and titles in this agreement are for reference only and are not be used in the interpretation of the terms hereof.

21. **Interpretation:** If more than one person executes this agreement as Debtor, their obligations hereunder shall be joint and several.

22. **Location of Collateral:** The Collateral, insofar as it consists of tangible property, is now and will hereafter be kept at the following place or places:

999582 Highway #11 North, RR#2
New Liskeard, Ontario
P0J 1P0

None of the Collateral shall be removed therefrom without the written consent of the Secured Party.

IN WITNESS WHEREOF the Debtor has signed this instrument as of the date first written above.

1793082 Ontario Ltd. o/a KD Quality Pellets

Name: Kenneth Andrew Doupe
Position: President

I have authority to bind the Corporation.

TAB: G

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 8/19/2015
File Currency Date: 08/17/2015
Family(ies): 15
Page(s): 44

SEARCH : Business Debtor : 1793082 ONTARIO LTD.

Report Type: PPSA VERO

Transaction ID: 7326978

THIS SEARCH DOES NOT CONSTITUTE A CERTIFICATE PURSUANT TO SECTIONS 43 AND 44 OF THE PPSA.
A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

Note: Viewing of this report is optimized in landscape mode.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

SEARCH : Business Debtor : 1793082 ONTARIO LTD.

Report Type: PPSA VERO

Transaction ID: 7326978

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38

REPORT : PSSR060
PAGE : 1

THIS SEARCH DOES NOT CONSTITUTE A CERTIFICATE PURSUANT TO SECTIONS 43 AND 44 OF THE PPSA. A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

ENQUIRY NUMBER 20150818120554.38 CONTAINS 44 PAGE(S), 15 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

TRANSACTIONID=7326978

CONTINUED... 2

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                                              PROVINCE OF ONTARIO
RUN NUMBER : 230                         MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18              PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                 PAGE   :       2
ID : 20150818120554.38                       ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        706638168
         CAUTION      PAGE      TOTAL           MOTOR VEHICLE     REGISTRATION         REGISTERED   REGISTRATION
         FILING       NO.  OF   PAGES              SCHEDULE          NUMBER               UNDER        PERIOD
01                    001       2                              20150601 1646 1590 6748    P  PPSA        3
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME         BUSINESS NAME    1793082 ONTARIO LTD.
                                                                                       ONTARIO CORPORATION NO.
04                      ADDRESS    999562 HWY. 11 NORTH, R.R. #2            NEW LISKEARD               ON     P0J 1P0
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME         BUSINESS NAME    KD QUALITY PELLETS
                                                                                       ONTARIO CORPORATION NO.
07                      ADDRESS    999562 HWY. 11 NORTH, R.R. #2            NEW LISKEARD               ON     P0J 1P0
08   SECURED PARTY /               MANOJ SHIVNANI
     LIEN CLAIMANT
09                      ADDRESS    TRIGON GULF FZCO, PO BOX 61468, JEBEL     UNITED ARAB EMIRATES
     COLLATERAL CLASSIFICATION
           CONSUMER                                 MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
            GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED             MATURITY   OR   MATURITY DATE
10                      X         X         X       X       X
               YEAR MAKE                         MODEL                    V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL        ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR
14   COLLATERAL     (INCLUDING INVENTORY, EQUIPMENT, ACCOUNTS DUE OR ACCRUING, FINANCIAL
15   DESCRIPTION    INSTRUMENTS, INTANGIBLES AND ALL PROCEEDS FROM ANY OF THE FOREGOING)
16   REGISTERING                   STIKEMAN ELLIOTT LLP
     AGENT
17                      ADDRESS    5300 COMMERCE COURT WEST, 199 BAY STREET  TORONTO                   ON     M5L 1B9
                                     *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                              CONTINUED...     3
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                                          PROVINCE OF ONTARIO
RUN NUMBER : 230                     MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18          PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                 PAGE   :       3
ID : 20150818120554.38                    ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        706638168
         CAUTION     PAGE     TOTAL          MOTOR VEHICLE    REGISTRATION       REGISTERED   REGISTRATION
         FILING      NO.  OF  PAGES             SCHEDULE         NUMBER             UNDER        PERIOD
01                   002       2                            20150601 1646 1590 6748
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME         BUSINESS NAME
                                                                                  ONTARIO CORPORATION NO.
04                      ADDRESS
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME         BUSINESS NAME
                                                                                  ONTARIO CORPORATION NO.
07                      ADDRESS
08   SECURED PARTY /
     LIEN CLAIMANT
09                      ADDRESS   ALI FREE ZONE, DUBAI
     COLLATERAL CLASSIFICATION
         CONSUMER                                 MOTOR VEHICLE   AMOUNT   DATE OF         NO FIXED
          GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED              MATURITY   OR   MATURITY DATE
10
               YEAR MAKE                       MODEL                 V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL         AS SECURITY FOR THAT CERTAIN GENERAL SECURITY AGREEMENT DATED APRIL
14   COLLATERAL      17, 2015 GRANTED BY THE DEBTOR IN FAVOUR OF THE SECURED PARTY.
15   DESCRIPTION
16   REGISTERING
     AGENT
17                      ADDRESS
                         *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                              CONTINUED...     4
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                                               PROVINCE OF ONTARIO
RUN NUMBER : 230                          MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18             PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                   PAGE   :        4
ID : 20150818120554.38                        ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015


     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
        FILE NUMBER
00       706638231
        CAUTION     PAGE      TOTAL           MOTOR VEHICLE     REGISTRATION        REGISTERED   REGISTRATION
        FILING      NO.  OF   PAGES              SCHEDULE          NUMBER              UNDER        PERIOD
01                  001       2                            20150601 1647 1590 6749     P  PPSA        3
            DATE OF BIRTH         FIRST GIVEN NAME      INITIAL    SURNAME
02   DEBTOR
03   NAME         BUSINESS NAME   1793082 ONTARIO LTD.
                                                                                   ONTARIO CORPORATION NO.
04                      ADDRESS   999562 HWY. 11 NORTH, R.R. #2          NEW LISKEARD               ON     P0J 1P0
            DATE OF BIRTH         FIRST GIVEN NAME      INITIAL    SURNAME
05   DEBTOR
06   NAME         BUSINESS NAME   KD QUALITY PELLETS
                                                                                   ONTARIO CORPORATION NO.
07                      ADDRESS   999562 HWY. 11 NORTH, R.R. #2          NEW LISKEARD               ON     P0J 1P0
08   SECURED PARTY /              ROBERT FEDROCK
     LIEN CLAIMANT
09                      ADDRESS   736-333 ADELAIDE STREET EAST           TORONTO                    ON     M5A 4T4
     COLLATERAL CLASSIFICATION
           CONSUMER                                  MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
            GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED              MATURITY   OR   MATURITY DATE
10                      X         X         X      X        X
            YEAR MAKE                            MODEL                     V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL        ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR
14   COLLATERAL     (INCLUDING INVENTORY, EQUIPMENT, ACCOUNTS DUE OR ACCRUING, FINANCIAL
15   DESCRIPTION    INSTRUMENTS, INTANGIBLES AND ALL PROCEEDS FROM ANY OF THE FOREGOING)
16   REGISTERING                  STIKEMAN ELLIOTT LLP
     AGENT
17                      ADDRESS   5300 COMMERCE COURT WEST, 199 BAY STREET  TORONTO                 ON     M5L 1B9
                                    *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                          CONTINUED...     5
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RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 706638231

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		002	2		20150601 1647 1590 6749		

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 DEBTOR
03 NAME BUSINESS NAME ONTARIO CORPORATION NO.
04 ADDRESS

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS
08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE
13 GENERAL AS SECURITY FOR THAT CERTAIN GENERAL SECURITY AGREEMENT DATED APRIL
14 COLLATERAL 17, 2015 GRANTED BY THE DEBTOR IN FAVOUR OF THE SECURED PARTY.
15 DESCRIPTION
16 REGISTERING AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 6

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                                                         PROVINCE OF ONTARIO
RUN NUMBER : 230                                   MINISTRY OF GOVERNMENT SERVICES                                 REPORT : PSSR060
RUN DATE : 2015/08/18                      PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                          PAGE   :        6
ID : 20150818120554.38                                  ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH        : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY         : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        706638258
         CAUTION      PAGE      TOTAL            MOTOR VEHICLE    REGISTRATION         REGISTERED   REGISTRATION
         FILING        NO.  OF  PAGES              SCHEDULE          NUMBER              UNDER         PERIOD
01                     001       2                           20150601 1649 1590 6750    P  PPSA         3
           DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME         BUSINESS NAME    1793082 ONTARIO LTD.
                                                                                       ONTARIO CORPORATION NO.
04                      ADDRESS    999562 HWY. 11 NORTH, R.R. #2            NEW LISKEARD                   ON     P0J 1P0
           DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME         BUSINESS NAME    KD QUALITY PELLETS
                                                                                       ONTARIO CORPORATION NO.
07                      ADDRESS    999562 HWY. 11 NORTH, R.R. #2            NEW LISKEARD                   ON     P0J 1P0
08   SECURED PARTY /               SACHIN MAHAJAN
     LIEN CLAIMANT
09                      ADDRESS    12 HILLDOWNTREE ROAD                     TORONTO                        ON     M9A 2Z5
     COLLATERAL CLASSIFICATION
            CONSUMER                                    MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
              GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED               MATURITY  OR   MATURITY DATE
10                       X         X         X       X       X
           YEAR MAKE                          MODEL                  V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL          ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR
14   COLLATERAL       (INCLUDING INVENTORY, EQUIPMENT, ACCOUNTS DUE OR ACCRUING, FINANCIAL
15   DESCRIPTION      INSTRUMENTS, INTANGIBLES AND ALL PROCEEDS FROM ANY OF THE FOREGOING)
16   REGISTERING                   STIKEMAN ELLIOTT LLP
     AGENT
17                      ADDRESS    5300 COMMERCE COURT WEST, 199 BAY STREET  TORONTO                       ON     M5L 1B9
                                     *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                                    CONTINUED...      7
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                                              PROVINCE OF ONTARIO
RUN NUMBER : 230                         MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18           PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                    PAGE   :       7
ID : 20150818120554.38                     ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH      : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY       : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        706638258
         CAUTION     PAGE     TOTAL           MOTOR VEHICLE     REGISTRATION         REGISTERED   REGISTRATION
         FILING      NO.  OF  PAGES              SCHEDULE          NUMBER               UNDER         PERIOD
01                   002       2                             20150601 1649 1590 6750
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL    SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME
                                                                                      ONTARIO CORPORATION NO.
04                       ADDRESS
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL    SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                      ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /
     LIEN CLAIMANT
09                       ADDRESS
     COLLATERAL CLASSIFICATION
            CONSUMER                                  MOTOR VEHICLE   AMOUNT     DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER  INCLUDED                MATURITY   OR   MATURITY DATE
10
               YEAR MAKE                     MODEL                   V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL         AS SECURITY FOR THAT CERTAIN GENERAL SECURITY AGREEMENT DATED APRIL
14   COLLATERAL      17, 2015 GRANTED BY THE DEBTOR IN FAVOUR OF THE SECURED PARTY.
15   DESCRIPTION
16   REGISTERING
     AGENT
17                       ADDRESS
                        *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                        CONTINUED...     8
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                                                  PROVINCE OF ONTARIO
RUN NUMBER : 230                           MINISTRY OF GOVERNMENT SERVICES                                REPORT : PSSR060
RUN DATE : 2015/08/18               PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                        PAGE   :       8
ID : 20150818120554.38                          ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015


     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        706638285
         CAUTION     PAGE     TOTAL          MOTOR VEHICLE     REGISTRATION        REGISTERED   REGISTRATION
         FILING       NO.  OF  PAGES             SCHEDULE           NUMBER             UNDER         PERIOD
01                    001      2                           20150601 1650 1590 6751    P  PPSA         3
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME    1793082 ONTARIO LTD.
                                                                                            ONTARIO CORPORATION NO.
04                       ADDRESS    999562 HWY. 11 NORTH, R.R. #2            NEW LISKEARD                  ON     P0J 1P0
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME    KD QUALITY PELLETS
                                                                                            ONTARIO CORPORATION NO.
07                       ADDRESS    999562 HWY. 11 NORTH, R.R. #2            NEW LISKEARD                  ON     P0J 1P0
08   SECURED PARTY /                ZINAYIDA SUBOTA
     LIEN CLAIMANT
09                       ADDRESS    62 ROLLSCOURT DRIVE                      TORONTO                       ON     M2L 1X9
     COLLATERAL CLASSIFICATION
            CONSUMER                                 MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED              MATURITY  OR  MATURITY DATE
10                      X         X         X      X        X
               YEAR MAKE                          MODEL                   V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL         ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR
14   COLLATERAL      (INCLUDING INVENTORY, EQUIPMENT, ACCOUNTS DUE OR ACCRUING, FINANCIAL
15   DESCRIPTION     INSTRUMENTS, INTANGIBLES AND ALL PROCEEDS FROM ANY OF THE FOREGOING)
16   REGISTERING                    STIKEMAN ELLIOTT LLP
     AGENT
17                       ADDRESS    5300 COMMERCE COURT WEST, 199 BAY STREET  TORONTO                      ON     M5L 1B9
                                      *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                                   CONTINUED...     9
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 706638285

CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01	002		2		20150601 1650 1590 6751		

DATE OF BIRTH   FIRST GIVEN NAME   INITIAL   SURNAME
02 DEBTOR
03 NAME   BUSINESS NAME   ONTARIO CORPORATION NO.
04   ADDRESS

DATE OF BIRTH   FIRST GIVEN NAME   INITIAL   SURNAME
05 DEBTOR
06 NAME   BUSINESS NAME   ONTARIO CORPORATION NO.
07   ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09   ADDRESS

COLLATERAL CLASSIFICATION
CONSUMER GOODS   INVENTORY   EQUIPMENT   ACCOUNTS   OTHER   MOTOR VEHICLE INCLUDED   AMOUNT   DATE OF MATURITY   OR   NO FIXED MATURITY DATE
10

YEAR MAKE   MODEL   V.I.N.
11 MOTOR
12 VEHICLE
13 GENERAL   AS SECURITY FOR THAT CERTAIN GENERAL SECURITY AGREEMENT DATED APRIL
14 COLLATERAL   17, 2015 GRANTED BY THE DEBTOR IN FAVOUR OF THE SECURED PARTY.
15 DESCRIPTION
16 REGISTERING AGENT
17   ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

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                                               PROVINCE OF ONTARIO
RUN NUMBER : 230                           MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18              PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                   PAGE   :      10
ID : 20150818120554.38                          ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH      : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY       : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        703362582
         CAUTION     PAGE     TOTAL          MOTOR VEHICLE     REGISTRATION        REGISTERED   REGISTRATION
         FILING      NO.  OF  PAGES             SCHEDULE          NUMBER             UNDER         PERIOD
01                   001      002                          20150202 1619 1862 0530    P  PPSA        5
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME         BUSINESS NAME    1793082 ONTARIO LTD.
                                                                                   ONTARIO CORPORATION NO.
04                      ADDRESS    999562 HIGHWAY 11                        NEW LISKEARD               ON     P0J 1P0
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME         BUSINESS NAME
                                                                                   ONTARIO CORPORATION NO.
07                      ADDRESS
08   SECURED PARTY /               JULES ROY
     LIEN CLAIMANT
09                      ADDRESS    71 MADISON AVENUE                        TORONTO                    ON     M5R 2S3
     COLLATERAL CLASSIFICATION
          CONSUMER                                MOTOR VEHICLE   AMOUNT    DATE OF        NO FIXED
            GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED             MATURITY  OR   MATURITY DATE
10                                             X
               YEAR MAKE                      MODEL                  V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL         CONVERTIBLE DEBENTURE DATED JULY 26, 2013
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING                   DALE & LESSMANN LLP (DEC)
     AGENT
17                      ADDRESS    181 UNIVERSITY AVENUE, SUITE 2100        TORONTO                    ON     M5H 3M7
                                     *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                           CONTINUED...    11
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                                                       PROVINCE OF ONTARIO
RUN NUMBER : 230                                 MINISTRY OF GOVERNMENT SERVICES                              REPORT : PSSR060
RUN DATE : 2015/08/18                   PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                        PAGE   :      11
ID : 20150818120554.38                              ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        703362582
         CAUTION     PAGE      TOTAL            MOTOR VEHICLE     REGISTRATION         REGISTERED   REGISTRATION
         FILING       NO.  OF  PAGES              SCHEDULE           NUMBER              UNDER         PERIOD
01                    002       002                          20150202 1619 1862 0530
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME
                                                                                       ONTARIO CORPORATION NO.
04                       ADDRESS
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                       ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /                VALERIE CHORT
     LIEN CLAIMANT
09                       ADDRESS    71 MADISON AVENUE                    TORONTO                   ON     M5R 2S3
     COLLATERAL CLASSIFICATION
            CONSUMER                                    MOTOR VEHICLE   AMOUNT    DATE OF         NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED                MATURITY  OR   MATURITY DATE
10
               YEAR MAKE                         MODEL                   V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING
     AGENT
17                       ADDRESS
                                  *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                          CONTINUED...    12
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                                                  PROVINCE OF ONTARIO
RUN NUMBER : 230                               MINISTRY OF GOVERNMENT SERVICES                                   REPORT : PSSR060
RUN DATE : 2015/08/18                   PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                           PAGE   :       12
ID : 20150818120554.38                              ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015


     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        694524816
         CAUTION      PAGE     TOTAL          MOTOR VEHICLE     REGISTRATION          REGISTERED   REGISTRATION
         FILING       NO.  OF  PAGES             SCHEDULE          NUMBER               UNDER         PERIOD
01                    001      2                           20140319 1538 9243 0184    P  PPSA        06
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME    1793082 ONTARIO LTD
                                                                                      ONTARIO CORPORATION NO. 1793082
04                       ADDRESS    999562 HWY 11 NORTH R.R. #2                NEW LISKEARD               ON     P0J 1P0
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME    1330711 ONTARIO LTD
                                                                                      ONTARIO CORPORATION NO. 1330711
07                       ADDRESS    999562 HWY 11 NORTH R.R.#2                 NEW LISKEARD               ON     P0J 1P0
08   SECURED PARTY /                KLAD RENTALS INC.
     LIEN CLAIMANT
09                       ADDRESS    413 LEVANNA LANE                           OAKVILLE                   ON     L6H 6B8
     COLLATERAL CLASSIFICATION
            CONSUMER                                 MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER  INCLUDED             MATURITY  OR  MATURITY DATE
10                             X                X        X                                      X
               YEAR MAKE                       MODEL                    V.I.N.
11   MOTOR     2014 LODE KING                  GRAIN HOPPER B-TRAI      2LDHG2833EF057719
12   VEHICLE   2014 LODE KING                  GRAIN HOPPER             2LDHG2820EF057720
13   GENERAL         AS PER CONTRACT #K10-140307
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING                    AXIOM LEASING INC
     AGENT
17                       ADDRESS    2370 CAWTHRA ROAD                          MISSISSAUGA                ON     L5A 2X1
                                      *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                                    CONTINUED...    13
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                                              PROVINCE OF ONTARIO
RUN NUMBER : 230                        MINISTRY OF GOVERNMENT SERVICES                        REPORT : PSSR060
RUN DATE : 2015/08/18          PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                  PAGE   :      13
ID : 20150818120554.38                   ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00       694524816
         CAUTION     PAGE     TOTAL         MOTOR VEHICLE    REGISTRATION        REGISTERED   REGISTRATION
         FILING      NO.  OF  PAGES           SCHEDULE          NUMBER              UNDER        PERIOD
01                   002       2                          20140319 1538 9243 0184
              DATE OF BIRTH         FIRST GIVEN NAME       INITIAL   SURNAME
02   DEBTOR     07DEC1968           KENNETH                  A       DOUPE
03   NAME         BUSINESS NAME
                                                                                  ONTARIO CORPORATION NO.
04                      ADDRESS     999562 HYW 11 NORTH, R.R. #2          NEW LISKEARD          ON     P0J 1P0
              DATE OF BIRTH         FIRST GIVEN NAME       INITIAL   SURNAME
05   DEBTOR
06   NAME         BUSINESS NAME     KD QUALITY PELLETS
                                                                                  ONTARIO CORPORATION NO. 1793082
07                      ADDRESS     999562 HWY 11 NORTH R.R.#2            NEW LISKEARD          ON     P0J 1P0
08   SECURED PARTY /                AXIOM LEASING INC.
     LIEN CLAIMANT
09                      ADDRESS     2370 CAWTHRA ROAD                     MISSISSAUGA           ON     L5A 2X1
     COLLATERAL CLASSIFICATION
         CONSUMER                                  MOTOR VEHICLE   AMOUNT     DATE OF          NO FIXED
          GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER  INCLUDED                MATURITY   OR   MATURITY DATE
10
           YEAR MAKE                         MODEL                    V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING
     AGENT
17                      ADDRESS
                        *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                       CONTINUED...    14
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     FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT
          CAUTION     PAGE      TOTAL  MOTOR VEHICLE     REGISTRATION        REGISTERED
          FILING       NO.  OF  PAGES     SCHEDULE          NUMBER             UNDER
01                     001      1                    20140711 0847 9243 0215
21   RECORD      FILE NUMBER    694524816
     REFERENCED                                                             RENEWAL    CORRECT
                 PAGE AMENDED   NO SPECIFIC PAGE AMENDED   CHANGE REQUIRED   YEARS      PERIOD
22                                                          A  AMENDMENT
                                  FIRST GIVEN NAME      INITIAL   SURNAME
23   REFERENCE
24   DEBTOR/       BUSINESS NAME    1793082 ONTARIO LTD
     TRANSFEROR
25   OTHER CHANGE
26   REASON/       TO ADD TO ANOTHER MACHINE.
27   DESCRIPTION
28
02/           DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR/
03/  TRANSFEREE    BUSINESS NAME
06                                                                                  ONTARIO CORPORATION NO.
04/07                    ADDRESS
29   ASSIGNOR
     SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09                       ADDRESS
     COLLATERAL CLASSIFICATION
            CONSUMER                                 MOTOR VEHICLE             DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED       AMOUNT   MATURITY   OR   MATURITY DATE
10
              YEAR  MAKE                          MODEL                  V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL        2006 VERMEER HORIZONTAL GRINDER, M/N HG6000, S/N N1VRY4531271000225,
14   COLLATERAL     C/W CAT V16 ENGINE, S/N BFM002822.
15   DESCRIPTION
16   REGISTERING AGENT OR          WESTWAY MACHINERY LTD.
17   SECURED PARTY/      ADDRESS   2370 CAWTHRA ROAD                       MISSISSAUGA              ON    L5A 2X1
     LIEN CLAIMANT
                             *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
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                                             PROVINCE OF ONTARIO
RUN NUMBER : 230                        MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18             PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                 PAGE   :      15
ID : 20150818120554.38                       ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
        FILE NUMBER
00       692522244
        CAUTION     PAGE     TOTAL          MOTOR VEHICLE    REGISTRATION        REGISTERED   REGISTRATION
        FILING      NO.  OF  PAGES            SCHEDULE          NUMBER              UNDER        PERIOD
01                  001      4                            20131211 1108 1616 4757    P  PPSA       05
            DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME     1793082 ONTARIO LTD.
                                                                               ONTARIO CORPORATION NO.
04                       ADDRESS     999562 HWY 11 NORTH, RR#2            NEW LISKEARD              ON     P0J 1P0
            DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR    07DEC1968         KENNETH                 A       DOUPE
06   NAME          BUSINESS NAME
                                                                               ONTARIO CORPORATION NO.
07                       ADDRESS     126169 CHURCH RD                     EARLTON                   ON     P0J 1E0
08   SECURED PARTY /                 BODKIN CAPITAL CORPORATION
     LIEN CLAIMANT
09                       ADDRESS     UNIT 304 - 700 DORVAL DRIVE          OAKVILLE                  ON     L6K 3V3
     COLLATERAL CLASSIFICATION
          CONSUMER                                  MOTOR VEHICLE   AMOUNT   DATE OF           NO FIXED
           GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER  INCLUDED               MATURITY  OR   MATURITY DATE
10                          X                 X         X
            YEAR MAKE                      MODEL                     V.I.N.
11   MOTOR  2013 MANAC                     53' TRIAXLE               2M5331618D1133883
12   VEHICLE
13   GENERAL         PURSUANT TO LEASE AGREEMENT 85458, ALL PRESENT AND FUTURE EQUIPMENT
14   COLLATERAL      ENCOMPASSED BY LEASE AGREEMENT 85458 TOGETHER WITH ALL ATTACHMENTS
15   DESCRIPTION     ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND
16   REGISTERING                 JCLD ONLINE
     AGENT
17                       ADDRESS     16-1375 SOUTHDOWN RD STE 322         MISSISSAUGA               ON     L5J 2Z1
                         *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                            CONTINUED...    16
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                                                       PROVINCE OF ONTARIO
RUN NUMBER : 230                                 MINISTRY OF GOVERNMENT SERVICES                         REPORT : PSSR060
RUN DATE : 2015/08/18                      PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                PAGE   :      16
ID : 20150818120554.38                                ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015


    FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
       FILE NUMBER
00     692522244
       CAUTION      PAGE      TOTAL          MOTOR VEHICLE    REGISTRATION       REGISTERED   REGISTRATION
       FILING       NO.  OF   PAGES             SCHEDULE         NUMBER            UNDER         PERIOD
01                  002       4                              20131211 1108 1616 4757
            DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02  DEBTOR
03  NAME          BUSINESS NAME    KD QUALITY PELLETS
                                                                                   ONTARIO CORPORATION NO.
04                       ADDRESS   999562 HWY 11 NORTH, RR#2              NEW LISKEARD                ON     P0J 1P0
            DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05  DEBTOR    07DEC1968         KENNETH                  A      DOUPE
06  NAME          BUSINESS NAME
                                                                                   ONTARIO CORPORATION NO.
07                       ADDRESS   999562 HWY 11 NORTH, RR#2              NEW LISKEARD                ON     P0J 1P0
08  SECURED PARTY /
    LIEN CLAIMANT
09                       ADDRESS
    COLLATERAL CLASSIFICATION
         CONSUMER                                 MOTOR VEHICLE   AMOUNT    DATE OF         NO FIXED
          GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER  INCLUDED               MATURITY  OR   MATURITY DATE
10
            YEAR MAKE                        MODEL                  V.I.N.
11  MOTOR
12  VEHICLE
13  GENERAL         IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN
14  COLLATERAL      ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH
15  DESCRIPTION     COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS, EQUIPMENT,
16  REGISTERING
    AGENT
17                       ADDRESS
                                 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                        CONTINUED...    17
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                                          PROVINCE OF ONTARIO
RUN NUMBER : 230                      MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18           PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                 PAGE   :      17
ID : 20150818120554.38                     ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        692522244
         CAUTION      PAGE      TOTAL         MOTOR VEHICLE     REGISTRATION         REGISTERED   REGISTRATION
         FILING        NO.  OF  PAGES            SCHEDULE          NUMBER               UNDER         PERIOD
01                     003       4                            20131211 1108 1616 4757
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME
                                                                                    ONTARIO CORPORATION NO.
04                       ADDRESS
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                    ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /
     LIEN CLAIMANT
09                       ADDRESS
     COLLATERAL CLASSIFICATION
            CONSUMER                                  MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED              MATURITY   OR   MATURITY DATE
10
               YEAR MAKE                      MODEL                  V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL         INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS,
14   COLLATERAL      RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND
15   DESCRIPTION     MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE
16   REGISTERING
     AGENT
17                       ADDRESS
                         *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                   CONTINUED...    18
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TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

```
    FILE NUMBER
00   692522244
    CAUTION     PAGE     TOTAL         MOTOR VEHICLE     REGISTRATION         REGISTERED   REGISTRATION
    FILING      NO.  OF  PAGES           SCHEDULE           NUMBER              UNDER         PERIOD
01               004      4                          20131211 1108 1616 4757
          DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02  DEBTOR
03  NAME         BUSINESS NAME
                                                                           ONTARIO CORPORATION NO.
04                     ADDRESS
          DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05  DEBTOR
06  NAME         BUSINESS NAME
                                                                           ONTARIO CORPORATION NO.
07                     ADDRESS
08  SECURED PARTY /
    LIEN CLAIMANT
09                     ADDRESS
    COLLATERAL CLASSIFICATION
         CONSUMER                                 MOTOR VEHICLE   AMOUNT    DATE OF         NO FIXED
          GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED              MATURITY  OR   MATURITY DATE
10
          YEAR MAKE                       MODEL                   V.I.N.
11  MOTOR
12  VEHICLE
13  GENERAL         PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR
14  COLLATERAL      LOSS OR DAMAGE TO THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE
15  DESCRIPTION     FOLLOWING? 2013 MANAC 53' TRIAXLE WALKING FLOOR OPEN TOP CHIP TRAILER
16  REGISTERING
    AGENT
17                     ADDRESS
```

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 19

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                                                     PROVINCE OF ONTARIO
RUN NUMBER : 230                                MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18                    PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                  PAGE   :      19
ID : 20150818120554.38                               ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH        : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY         : 17AUG 2015

     FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT
          CAUTION      PAGE      TOTAL  MOTOR VEHICLE     REGISTRATION        REGISTERED
          FILING       NO.  OF   PAGES     SCHEDULE          NUMBER             UNDER
01                     001       2                      20140110 1102 1616 5191
21   RECORD     FILE NUMBER      692522244
     REFERENCED                                                                 RENEWAL    CORRECT
                PAGE AMENDED   NO SPECIFIC PAGE AMENDED   CHANGE REQUIRED   YEARS      PERIOD
22                                                          A  AMENDMENT
                                   FIRST GIVEN NAME      INITIAL   SURNAME
23   REFERENCE
24   DEBTOR/       BUSINESS NAME    1793082 ONTARIO LTD.
     TRANSFEROR
25   OTHER CHANGE
26   REASON/       TO ADD 2 ADDITIONAL DEBTOR'S
27   DESCRIPTION
28
02/            DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR/
03/  TRANSFEREE    BUSINESS NAME    1330711 ONTARIO LTD.
06                                                                                    ONTARIO CORPORATION NO.
04/07                     ADDRESS   999562 HWY 11 NORTH, RR#2          NEW LISKEARD               ON     P0J 1P0
29   ASSIGNOR
     SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09                        ADDRESS
     COLLATERAL CLASSIFICATION
          CONSUMER                                       MOTOR VEHICLE             DATE OF          NO FIXED
           GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER    INCLUDED       AMOUNT   MATURITY   OR   MATURITY DATE
10
             YEAR  MAKE                         MODEL                   V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING AGENT OR          JCLD ONLINE
17   SECURED PARTY/      ADDRESS   16-1375 SOUTHDOWN RD STE 322        MISSISSAUGA                ON     L5J 2Z1
     LIEN CLAIMANT
                              *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                          CONTINUED...    20
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                                                     PROVINCE OF ONTARIO
RUN NUMBER : 230                                MINISTRY OF GOVERNMENT SERVICES                               REPORT : PSSR060
RUN DATE : 2015/08/18                   PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                        PAGE   :      20
ID : 20150818120554.38                               ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH        : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY         : 17AUG 2015


     FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT
          CAUTION      PAGE      TOTAL  MOTOR VEHICLE      REGISTRATION         REGISTERED
          FILING        NO.  OF  PAGES     SCHEDULE            NUMBER              UNDER
01                     002       2                     20140110 1102 1616 5191
21   RECORD      FILE NUMBER    692522244
     REFERENCED                                                               RENEWAL    CORRECT
                 PAGE AMENDED   NO SPECIFIC PAGE AMENDED   CHANGE REQUIRED   YEARS      PERIOD
22
                                     FIRST GIVEN NAME      INITIAL   SURNAME
23   REFERENCE
24   DEBTOR/       BUSINESS NAME
     TRANSFEROR
25   OTHER CHANGE
26   REASON/
27   DESCRIPTION
28
02/            DATE OF BIRTH         FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR/
03/  TRANSFEREE    BUSINESS NAME    KD LOGGING
06                                                                                    ONTARIO CORPORATION NO.
04/07                   ADDRESS     999562 HWY 11 NORTH, RR#2              NEW LISKEARD                  ON     P0J 1P0
29   ASSIGNOR
     SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09                      ADDRESS
     COLLATERAL CLASSIFICATION
           CONSUMER                                  MOTOR VEHICLE             DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED       AMOUNT   MATURITY  OR   MATURITY DATE
10
              YEAR  MAKE                         MODEL                  V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING AGENT OR
17   SECURED PARTY/      ADDRESS
     LIEN CLAIMANT
                                   *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                        CONTINUED...     21
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                                          PROVINCE OF ONTARIO
RUN NUMBER : 230                      MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18           PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                 PAGE   :      21
ID : 20150818120554.38                   ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
        FILE NUMBER
00       692478225
        CAUTION      PAGE      TOTAL          MOTOR VEHICLE     REGISTRATION        REGISTERED   REGISTRATION
        FILING       NO.  OF   PAGES             SCHEDULE          NUMBER              UNDER         PERIOD
01                   01        006                  X         20131209 1643 8077 1349    P  PPSA        6
            DATE OF BIRTH        FIRST GIVEN NAME      INITIAL    SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME    1793082 ONTARIO LTD
                                                                                  ONTARIO CORPORATION NO.
04                       ADDRESS    R #2 999562 HWY 11                     NEW LISKEARD              ON     P0J1P0
            DATE OF BIRTH        FIRST GIVEN NAME      INITIAL    SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                  ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /                ROYAL BANK OF CANADA
     LIEN CLAIMANT
09                       ADDRESS    180 WELLINGTON ST WEST, 5TH FL         TORONTO                   ON     M5J 1J1
     COLLATERAL CLASSIFICATION
         CONSUMER                                  MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
          GOODS    INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED             MATURITY   OR   MATURITY DATE
10                         X            X        X                                           X
            YEAR MAKE                           MODEL                  V.I.N.
11   MOTOR    2013 TITAN                        53'                    2TVWF1Z43DD000390
12   VEHICLE  2014 WESTERN STAR                 4900FA                 5KJJAED1XEPFN8251
13   GENERAL          2 WESTERN STARS AND TITAN WALKING FLOOR TRAILER TOGETHER WITH
14   COLLATERAL       ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS,
15   DESCRIPTION      SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS
16   REGISTERING                    REGISTRY = RECOVERY INC.
     AGENT
17                       ADDRESS    1551 THE QUEENSWAY                     TORONTO                   ON     M8Z 1T5
                                      *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                        CONTINUED...     22
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TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 692478225

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		02	006		20131209 1643 8077 1349		

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 DEBTOR
03 NAME BUSINESS NAME
ONTARIO CORPORATION NO.
04 ADDRESS
DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR
06 NAME BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS
08 SECURED PARTY / LIEN CLAIMANT ROYAL BANK OF CANADA
09 ADDRESS 300-5575 NORTH SERVICE RD BURLINGTON ON L7L 6M1

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
10									

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR	2014	WESTERN STAR	4900FA	5KJJAED11EPFN8252
12	VEHICLE				

13 GENERAL IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE
14 COLLATERAL COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY,
15 DESCRIPTION CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS
16 REGISTERING AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 23

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                                                  PROVINCE OF ONTARIO
RUN NUMBER : 230                             MINISTRY OF GOVERNMENT SERVICES                            REPORT : PSSR060
RUN DATE : 2015/08/18                PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                     PAGE   :      23
ID : 20150818120554.38                          ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        692478225
         CAUTION      PAGE      TOTAL           MOTOR VEHICLE     REGISTRATION        REGISTERED   REGISTRATION
         FILING       NO.  OF   PAGES             SCHEDULE           NUMBER              UNDER         PERIOD
01                     03        006                        20131209 1643 8077 1349
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME
                                                                                     ONTARIO CORPORATION NO.
04                       ADDRESS
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                     ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /
     LIEN CLAIMANT
09                       ADDRESS
     COLLATERAL CLASSIFICATION
            CONSUMER                                   MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER  INCLUDED                MATURITY   OR   MATURITY DATE
10
              YEAR MAKE                         MODEL                 V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL         RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE
14   COLLATERAL      COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF
15   DESCRIPTION     TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER
16   REGISTERING
     AGENT
17                       ADDRESS
                                    *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                          CONTINUED...    24
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                                              PROVINCE OF ONTARIO
RUN NUMBER : 230                        MINISTRY OF GOVERNMENT SERVICES                              REPORT : PSSR060
RUN DATE : 2015/08/18          PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                        PAGE   :      24
ID : 20150818120554.38                       ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        692478225
         CAUTION     PAGE      TOTAL           MOTOR VEHICLE     REGISTRATION        REGISTERED   REGISTRATION
         FILING      NO.  OF   PAGES              SCHEDULE          NUMBER              UNDER         PERIOD
01                   04        006                          20131209 1643 8077 1349
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME
                                                                                    ONTARIO CORPORATION NO.
04                       ADDRESS
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                    ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /
     LIEN CLAIMANT
09                       ADDRESS
     COLLATERAL CLASSIFICATION
            CONSUMER                                MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED              MATURITY   OR    MATURITY DATE
10
               YEAR MAKE                     MODEL                  V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL        PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE
14   COLLATERAL     COLLATERAL OR PROCEEDS OF THE COLLATERAL.
15   DESCRIPTION
16   REGISTERING
     AGENT
17                       ADDRESS
                                    *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                         CONTINUED...    25
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RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

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     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        692478225
         CAUTION     PAGE     TOTAL          MOTOR VEHICLE    REGISTRATION        REGISTERED   REGISTRATION
         FILING      NO.  OF  PAGES             SCHEDULE         NUMBER             UNDER         PERIOD
01                   05       006                          20131209 1643 8077 1349
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME
                                                                                  ONTARIO CORPORATION NO.
04                       ADDRESS
               DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                  ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /
     LIEN CLAIMANT
09                       ADDRESS
     COLLATERAL CLASSIFICATION
            CONSUMER                                   MOTOR VEHICLE  AMOUNT   DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER  INCLUDED              MATURITY   OR   MATURITY DATE
10
              YEAR MAKE                          MODEL                V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING
     AGENT
17                       ADDRESS
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*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 26

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

FORM 4C MOTOR VEHICLE SCHEDULE

	FILE NUMBER					
00	692478225					
		PAGE NO.	OF	TOTAL PAGES	REGISTRATION NUMBER	
01		06		006	20131209 1643 8077 1349	
	YEAR	MAKE			MODEL	V.I.N.
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						
51						
52						
53						
54						
55						
56						

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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                                              PROVINCE OF ONTARIO
RUN NUMBER : 230                      MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18            PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                PAGE   :      27
ID : 20150818120554.38                     ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        692478234
         CAUTION     PAGE     TOTAL          MOTOR VEHICLE    REGISTRATION         REGISTERED   REGISTRATION
         FILING      NO.  OF  PAGES            SCHEDULE          NUMBER               UNDER        PERIOD
01                    01       005                        20131209 1643 8077 1350    P  PPSA        10
              DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME   1793082 ONTARIO LTD
                                                                                  ONTARIO CORPORATION NO.
04                       ADDRESS   R #2 999562 HWY 11                 NEW LISKEARD              ON     P0J1P0
              DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                  ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /               ROYAL BANK OF CANADA
     LIEN CLAIMANT
09                       ADDRESS   180 WELLINGTON ST WEST, 5TH FL     TORONTO                   ON     M5J 1J1
     COLLATERAL CLASSIFICATION
          CONSUMER                                    MOTOR VEHICLE   AMOUNT   DATE OF        NO FIXED
           GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED               MATURITY  OR  MATURITY DATE
10                     X         X         X      X                                             X
              YEAR MAKE                             MODEL                   V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL       MASTER LEASE AGREEMENT DATED DECEMBER 9, 2013 TOGETHER WITH
14   COLLATERAL    ALL INVENTORY AND EQUIPMENT NOW OR HEREAFTER ACQUIRED BY THE DEBTOR
15   DESCRIPTION   AND FINANCED BY THE SECURED PARTY TOGETHER WITH ALL ATTACHMENTS,
16   REGISTERING                   REGISTRY = RECOVERY INC.
     AGENT
17                       ADDRESS   1551 THE QUEENSWAY                 TORONTO                   ON     M8Z 1T5
                                    *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                          CONTINUED...    28
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 692478234

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		02	005		20131209 1643 8077 1350		

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 DEBTOR
03 NAME BUSINESS NAME
ONTARIO CORPORATION NO.
04 ADDRESS
DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR
06 NAME BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS
08 SECURED PARTY / LIEN CLAIMANT ROYAL BANK OF CANADA
09 ADDRESS 300-5575 NORTH SERVICE RD BURLINGTON ON L7L 6M1

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE
13 GENERAL ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND
14 COLLATERAL IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY
15 DESCRIPTION OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS
16 REGISTERING AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 29

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 692478234

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		03		005		20131209 1643 8077 1350		

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 DEBTOR
03 NAME BUSINESS NAME
ONTARIO CORPORATION NO.
04 ADDRESS

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR
06 NAME BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY /
LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION
CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
10

YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE
13 GENERAL THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-
14 COLLATERAL TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER
15 DESCRIPTION PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER,
16 REGISTERING
AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 30

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                                                     PROVINCE OF ONTARIO
RUN NUMBER : 230                               MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18                   PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                  PAGE   :      30
ID : 20150818120554.38                             ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        692478234
         CAUTION      PAGE      TOTAL          MOTOR VEHICLE     REGISTRATION        REGISTERED   REGISTRATION
         FILING       NO.  OF  PAGES              SCHEDULE          NUMBER             UNDER         PERIOD
01                    04       005                          20131209 1643 8077 1350
           DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME
                                                                                       ONTARIO CORPORATION NO.
04                       ADDRESS
           DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                       ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /
     LIEN CLAIMANT
09                       ADDRESS
     COLLATERAL CLASSIFICATION
          CONSUMER                                  MOTOR VEHICLE   AMOUNT    DATE OF         NO FIXED
           GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED              MATURITY  OR   MATURITY DATE
10
           YEAR MAKE                       MODEL                    V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL         INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS
14   COLLATERAL      OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR
15   DESCRIPTION     COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE
16   REGISTERING
     AGENT
17                       ADDRESS
                                 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                          CONTINUED...    31
```

RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
692478234

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		05		005		20131209 1643 8077 1350		

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 DEBTOR
03 NAME BUSINESS NAME ONTARIO CORPORATION NO.
04 ADDRESS

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY /
LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE
13 GENERAL COLLATERAL.
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING
AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 32

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                                                           PROVINCE OF ONTARIO
RUN NUMBER : 230                                    MINISTRY OF GOVERNMENT SERVICES                                    REPORT : PSSR060
RUN DATE : 2015/08/18                        PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                            PAGE   :      32
ID : 20150818120554.38                                  ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH        : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY         : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        692395722
         CAUTION      PAGE      TOTAL           MOTOR VEHICLE    REGISTRATION         REGISTERED   REGISTRATION
         FILING       NO.  OF   PAGES              SCHEDULE         NUMBER              UNDER        PERIOD
01                    01        001                             20131205 1434 1530 3672    P  PPSA        5
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL    SURNAME
02   DEBTOR
03   NAME         BUSINESS NAME     1793082 ONTARIO LTD.
                                                                                          ONTARIO CORPORATION NO.
04                      ADDRESS     999562 HWY 11 , RR2                          NEW LISKEARD                ON     P0J 1P0
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL    SURNAME
05   DEBTOR
06   NAME         BUSINESS NAME
                                                                                          ONTARIO CORPORATION NO.
07                      ADDRESS
08   SECURED PARTY /                RBC ROYAL BANK OF CANADA
     LIEN CLAIMANT
09                      ADDRESS     1 PLACE VILLE-MARIE, 2ND FL, EAST WING    MONTREAL                       QC     H3C 3A9
     COLLATERAL CLASSIFICATION
            CONSUMER                                MOTOR VEHICLE   AMOUNT    DATE OF         NO FIXED
              GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED             MATURITY  OR   MATURITY DATE
10                        X         X         X       X       X
               YEAR MAKE                         MODEL                    V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING                    CANADIAN SECURITIES REGISTRATION SYSTEMS
     AGENT
17                      ADDRESS     4126 NORLAND AVENUE                          BURNABY                     BC     V5G 3S8
                                      *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                                    CONTINUED...    33
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                                        PROVINCE OF ONTARIO                                    REPORT : PSSR060
RUN NUMBER : 230                  MINISTRY OF GOVERNMENT SERVICES                              PAGE   :       33
RUN DATE : 2015/08/18        PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ID : 20150818120554.38                  ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        687790107
         CAUTION     PAGE      TOTAL           MOTOR VEHICLE     REGISTRATION        REGISTERED   REGISTRATION
         FILING      NO.  OF   PAGES             SCHEDULE           NUMBER             UNDER         PERIOD
01                   001        3                           20130614 1104 1902 9017    P  PPSA         05
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME    1793082 ONTARIO LTD.
                                                                                   ONTARIO CORPORATION NO.
04                       ADDRESS    9560 PELLET ROAD 999562 HIGHWAY 11 N, RR  NEW LISKEARD        ON     P0J 1P0
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                   ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /                CATERPILLAR FINANCIAL SERVICES LIMITED
     LIEN CLAIMANT
09                       ADDRESS    5575 NORTH SERVICE RD, STE 600          BURLINGTON            ON     L7L 6M1
     COLLATERAL CLASSIFICATION
            CONSUMER                                 MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER  INCLUDED              MATURITY   OR   MATURITY DATE
10                            X                           X
          YEAR MAKE                      MODEL                   V.I.N.
11   MOTOR    2012 CATERPILLAR              950K                    CAT0950KCR4A00970
12   VEHICLE  2012 WELDCOBEALES             10.0                    4W181231
13   GENERAL        ONE (1) NEW 2012 CATERPILLAR WHEEL LOADER C/W CAB ONE (1) NEW 2012
14   COLLATERAL     MODEL 10.0 WELDCO-BEALES CHIP BUCKET TOGETHER WITH ALL ATTACHMENTS,
15   DESCRIPTION    ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND
16   REGISTERING                    AVS SYSTEMS INC.
     AGENT
17                       ADDRESS    201 - 1325 POLSON DR.                   VERNON                BC     V1T 8H2
                                 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                           CONTINUED...     34
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
687790107

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		002	3		20130614 1104 1902 9017		

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 DEBTOR
03 NAME BUSINESS NAME
ONTARIO CORPORATION NO.
04 ADDRESS

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR
06 NAME BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY /
LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE

13 GENERAL IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY
14 COLLATERAL FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH
15 DESCRIPTION COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT
16 REGISTERING
AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 35

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                                                  PROVINCE OF ONTARIO
RUN NUMBER : 230                              MINISTRY OF GOVERNMENT SERVICES                         REPORT : PSSR060
RUN DATE : 2015/08/18                PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                   PAGE   :      35
ID : 20150818120554.38                           ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
        FILE NUMBER
00       687790107
        CAUTION      PAGE      TOTAL           MOTOR VEHICLE     REGISTRATION         REGISTERED   REGISTRATION
        FILING        NO.  OF  PAGES             SCHEDULE           NUMBER              UNDER        PERIOD
01                    003      3                             20130614 1104 1902 9017
              DATE OF BIRTH        FIRST GIVEN NAME      INITIAL    SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME
                                                                                     ONTARIO CORPORATION NO.
04                       ADDRESS
              DATE OF BIRTH        FIRST GIVEN NAME      INITIAL    SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                     ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /
     LIEN CLAIMANT
09                       ADDRESS
     COLLATERAL CLASSIFICATION
          CONSUMER                                  MOTOR VEHICLE   AMOUNT    DATE OF          NO FIXED
           GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED               MATURITY   OR   MATURITY DATE
10
            YEAR MAKE                        MODEL                   V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL          INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR
14   COLLATERAL       PROCEEDS OF SUCH COLLATERAL. PROCEEDS? GOODS, SECURITIES, DOCUMENTS
15   DESCRIPTION      OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.
16   REGISTERING
     AGENT
17                        ADDRESS
                         *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 682799337

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001	1		20121109 1529 1590 0654	P PPSA	5

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 DEBTOR
03 NAME BUSINESS NAME 1793082 ONTARIO LTD.
ONTARIO CORPORATION NO. 1793082
04 ADDRESS 999582 HIGHWAY #11 NORTH, RR#2 NEW LISKEARD ON P0J 1P0
DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR
06 NAME BUSINESS NAME K.D. QUALITY PELLETS
ONTARIO CORPORATION NO.
07 ADDRESS 999582 HIGHWAY #11 NORTH, RR#2 NEW LISKEARD ON P0J 1P0
08 SECURED PARTY / LIEN CLAIMANT TEMISKAMING DEVELOPMENT FUND CORPORATION
09 ADDRESS 74C SCOTT STREET, P.O. BOX 1810 NEW LISKEARD ON P0J 1P0

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10			X		X					X

YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE
13 GENERAL GENERAL SECURITY AGREEMENT
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENT EVANS, BRAGAGNOLO & SULLIVAN LLP
17 ADDRESS 120 PINE ST. S. TIMMINS ON P4N 2K4

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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                                         PROVINCE OF ONTARIO
RUN NUMBER : 230                     MINISTRY OF GOVERNMENT SERVICES                           REPORT : PSSR060
RUN DATE : 2015/08/18          PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                  PAGE   :      37
ID : 20150818120554.38                   ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015

   FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
      FILE NUMBER
00     681452883
      CAUTION     PAGE     TOTAL        MOTOR VEHICLE    REGISTRATION          REGISTERED   REGISTRATION
      FILING       NO.  OF PAGES           SCHEDULE         NUMBER                UNDER        PERIOD
01                 001     001                          20120914 1209 1862 7986   P  PPSA        7
           DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02  DEBTOR
03  NAME          BUSINESS NAME    1793082 ONTARIO LTD.
                                                                                ONTARIO CORPORATION NO.
04                      ADDRESS    999582 HWY 11 N., R R #2              NEW LISKEARD                ON     P0J 1P0
           DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05  DEBTOR
06  NAME          BUSINESS NAME    K.D. QUALITY PELLETS
                                                                                ONTARIO CORPORATION NO.
07                      ADDRESS    999382 HWY 11 N., R R #2              NEW LISKEARD                ON     P0J 1P0
08  SECURED PARTY /                NORTHERN ONTARIO HERITAGE FUND CORPORATION
    LIEN CLAIMANT
09                      ADDRESS    #200-70 FOSTER DRIVE                  SAULT STE. MARIE            ON     P6A 6V8
    COLLATERAL CLASSIFICATION
         CONSUMER                                   MOTOR VEHICLE   AMOUNT   DATE OF         NO FIXED
          GOODS  INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED               MATURITY  OR  MATURITY DATE
10                   X         X         X       X
           YEAR MAKE                        MODEL                    V.I.N.
11  MOTOR
12  VEHICLE
13  GENERAL
14  COLLATERAL
15  DESCRIPTION
16  REGISTERING                    MIN. OF NORTHERN DEVELOPMENT & MINES - LEGAL SERVICES BR.
    AGENT
17                      ADDRESS    RM M2-24, 900 BAY STREET              TORONTO                     ON     M7A 1C3
                                     *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                            CONTINUED...    38
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                                                  PROVINCE OF ONTARIO
RUN NUMBER : 230                             MINISTRY OF GOVERNMENT SERVICES                         REPORT : PSSR060
RUN DATE : 2015/08/18                  PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                PAGE   :      38
ID : 20150818120554.38                            ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH        : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY         : 17AUG 2015

     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        680163012
         CAUTION      PAGE      TOTAL            MOTOR VEHICLE     REGISTRATION         REGISTERED   REGISTRATION
         FILING       NO.  OF   PAGES               SCHEDULE          NUMBER              UNDER         PERIOD
01                    001       1                             20120724 1123 1590 4886     P  PPSA         5
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME    1793082 ONTARIO LTD. O/A KD QUALITY PELLETS
                                                                                    ONTARIO CORPORATION NO. 1793082
04                       ADDRESS    999582 HIGHWAY #11 NORTH, RR#2          NEW LISKEARD                ON      P0J 1P0
               DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                                    ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /                SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION
     LIEN CLAIMANT
09                       ADDRESS    467 FERGUSON AVENUE, P.O. BOX 339       HAILEYBURY                  ON      P0J 1K0
     COLLATERAL CLASSIFICATION
            CONSUMER                                 MOTOR VEHICLE   AMOUNT      DATE OF         NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER  INCLUDED               MATURITY  OR   MATURITY DATE
10             X         X         X         X      X                 500000                          X
               YEAR MAKE                        MODEL                     V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING                    EVANS, BRAGAGNOLO & SULLIVAN LLP
     AGENT
17                       ADDRESS    120 PINE STREET SOUTH                   TIMMINS                     ON      P4N 2K4
                                      *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
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CONTINUED...   39

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                                                PROVINCE OF ONTARIO
RUN NUMBER : 230                           MINISTRY OF GOVERNMENT SERVICES                              REPORT : PSSR060
RUN DATE : 2015/08/18               PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                      PAGE   :      39
ID : 20150818120554.38                        ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015


     FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT
          CAUTION      PAGE      TOTAL  MOTOR VEHICLE     REGISTRATION        REGISTERED
          FILING        NO.  OF  PAGES     SCHEDULE          NUMBER             UNDER
01                      001      2                    20121109 1334 1590 0644  P   PPSA
21   RECORD      FILE NUMBER    680163012
     REFERENCED                                                               RENEWAL    CORRECT
                 PAGE AMENDED   NO SPECIFIC PAGE AMENDED   CHANGE REQUIRED    YEARS      PERIOD
22                                        X                  A  AMENDMENT
                                       FIRST GIVEN NAME      INITIAL   SURNAME
23   REFERENCE
24   DEBTOR/       BUSINESS NAME    1793082 ONTARIO LTD. O/A KD QUALITY PELLETS
     TRANSFEROR
25   OTHER CHANGE
26   REASON/       AMEND DEBTOR'S NAME
27   DESCRIPTION
28
02/          DATE OF BIRTH         FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR/
03/  TRANSFEREE    BUSINESS NAME    1793082 ONTARIO LTD.
06                                                                        ONTARIO CORPORATION NO. 1793082
04/07                    ADDRESS    999582 HIGHWAY #11 NORTH, RR#2          NEW LISKEARD               ON      P0J 1P0
29   ASSIGNOR
     SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08                                  SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION
09                       ADDRESS    467 FERGUSON AVENUE, P.O. BOX 339       NEW LISKEARD               ON      P0J 1K0
     COLLATERAL CLASSIFICATION
          CONSUMER                                  MOTOR VEHICLE                DATE OF          NO FIXED
           GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED       AMOUNT    MATURITY   OR   MATURITY DATE
10           X         X         X         X      X                    500000                         X
             YEAR  MAKE                         MODEL                         V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING AGENT OR           EVANS, BRAGAGNOLO & SULLIVAN LLP
17   SECURED PARTY/      ADDRESS    120 PINE STREET SOUTH                   TIMMINS                    ON      P4N 2K4
     LIEN CLAIMANT
                                       *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                             CONTINUED...    40
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                                                    PROVINCE OF ONTARIO
RUN NUMBER : 230                              MINISTRY OF GOVERNMENT SERVICES                            REPORT : PSSR060
RUN DATE : 2015/08/18                   PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                   PAGE   :      40
ID : 20150818120554.38                             ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH       : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY        : 17AUG 2015


     FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT
          CAUTION     PAGE      TOTAL  MOTOR VEHICLE      REGISTRATION          REGISTERED
          FILING       NO.  OF  PAGES     SCHEDULE           NUMBER                UNDER
01                     002      2                    20121109 1334 1590 0644
21   RECORD      FILE NUMBER    680163012
     REFERENCED                                                                RENEWAL    CORRECT
                 PAGE AMENDED   NO SPECIFIC PAGE AMENDED   CHANGE REQUIRED    YEARS      PERIOD
22
                                    FIRST GIVEN NAME      INITIAL   SURNAME
23   REFERENCE
24   DEBTOR/       BUSINESS NAME
     TRANSFEROR
25   OTHER CHANGE
26   REASON/
27   DESCRIPTION
28
02/            DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR/
03/  TRANSFEREE    BUSINESS NAME    K.D. QUALITY PELLETS
06                                                                                        ONTARIO CORPORATION NO.
04/07                     ADDRESS   999582 HIGHWAY #11 NORTH, RR#2         NEW LISKEARD              ON      P0J 1P0
29   ASSIGNOR
     SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09                        ADDRESS
     COLLATERAL CLASSIFICATION
            CONSUMER                                  MOTOR VEHICLE            DATE OF          NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED      AMOUNT   MATURITY   OR   MATURITY DATE
10
               YEAR  MAKE                         MODEL                   V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING AGENT OR
17   SECURED PARTY/       ADDRESS
     LIEN CLAIMANT
                                   *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                              CONTINUED...    41
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                                              PROVINCE OF ONTARIO
RUN NUMBER : 230                        MINISTRY OF GOVERNMENT SERVICES                     REPORT : PSSR060
RUN DATE : 2015/08/18          PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM               PAGE   :      41
ID : 20150818120554.38                    ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH        : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY         : 17AUG 2015


     FORM 1C   FINANCING STATEMENT / CLAIM FOR LIEN
         FILE NUMBER
00        678405006
         CAUTION     PAGE     TOTAL          MOTOR VEHICLE    REGISTRATION        REGISTERED   REGISTRATION
         FILING      NO.  OF  PAGES             SCHEDULE         NUMBER              UNDER        PERIOD
01                   001       1                          20120515 1625 1590 1028   P  PPSA         5
            DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
02   DEBTOR
03   NAME          BUSINESS NAME    1793082 ONTARIO LTD. O/A KD QUALITY PELLETS
                                                                               ONTARIO CORPORATION NO. 1793082
04                       ADDRESS    999582 HIGHWAY #11 NORTH, RR#2          NEW LISKEARD            ON     P0J 1P0
            DATE OF BIRTH       FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR
06   NAME          BUSINESS NAME
                                                                               ONTARIO CORPORATION NO.
07                       ADDRESS
08   SECURED PARTY /                TEMISKAMING DEVELOPMENT FUND CORPORATION
     LIEN CLAIMANT
09                       ADDRESS    74C SCOTT STREET, P.O. BOX 1810         NEW LISKEARD            ON     P0J 1P0
     COLLATERAL CLASSIFICATION
           CONSUMER                                  MOTOR VEHICLE   AMOUNT    DATE OF         NO FIXED
            GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED              MATURITY   OR   MATURITY DATE
10                              X                X                                                 X
            YEAR MAKE                          MODEL                 V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL        GENERAL SECURITY AGREEMENT
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING                    EVANS, BRAGAGNOLO & SULLIVAN LLP
     AGENT
17                       ADDRESS    120 PINE STREET SOUTH                   TIMMINS                 ON     P4N 2K4
                                      *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                            CONTINUED...     42
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                                                       PROVINCE OF ONTARIO
RUN NUMBER : 230                                 MINISTRY OF GOVERNMENT SERVICES                                   REPORT : PSSR060
RUN DATE : 2015/08/18                     PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                           PAGE   :       42
ID : 20150818120554.38                                ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH      : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY       : 17AUG 2015


     FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT
          CAUTION      PAGE      TOTAL  MOTOR VEHICLE     REGISTRATION        REGISTERED
          FILING       NO.  OF  PAGES     SCHEDULE           NUMBER             UNDER
01                     001      2                     20121109 1344 1590 0645  P   PPSA
21   RECORD      FILE NUMBER    678405006
     REFERENCED                                                              RENEWAL    CORRECT
                PAGE AMENDED   NO SPECIFIC PAGE AMENDED   CHANGE REQUIRED   YEARS      PERIOD
22                                        X                A  AMENDMENT
                                   FIRST GIVEN NAME      INITIAL   SURNAME
23   REFERENCE
24   DEBTOR/       BUSINESS NAME    1793082 ONTARIO LTD. O/A KD QUALITY PELLETS
     TRANSFEROR
25   OTHER CHANGE
26   REASON/       AMEND DEBTOR'S NAME
27   DESCRIPTION
28
02/           DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05   DEBTOR/
03/  TRANSFEREE    BUSINESS NAME    1793082 ONTARIO LTD
06                                                                                    ONTARIO CORPORATION NO. 1793082
04/07                   ADDRESS     999582 HIGHWAY #11 NORTH RR#2             NEW LISKEARD                 ON      P0J 1P0
29   ASSIGNOR
     SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08                                  TIMISKAMING DEVELOPMENT FUND CORPORATION
09                      ADDRESS     74C SCOTT STREET, P.O. BOX 1810           NEW LISKEARD                 ON      P0J 1P0
     COLLATERAL CLASSIFICATION
            CONSUMER                                      MOTOR VEHICLE              DATE OF         NO FIXED
             GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER   INCLUDED       AMOUNT   MATURITY   OR   MATURITY DATE
10                             X                 X                                                      X
              YEAR  MAKE                        MODEL                    V.I.N.
11   MOTOR
12   VEHICLE
13   GENERAL         GENERAL SECURITY AGREEMENT
14   COLLATERAL
15   DESCRIPTION
16   REGISTERING AGENT OR           EVANS, BRAGAGNOLO & SULLIVAN LLP
17   SECURED PARTY/      ADDRESS    120 PINE STREET SOUTH                     TIMMINS                      ON      P4N 2K4
     LIEN CLAIMANT
                                      *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                                  CONTINUED...    43
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                                              PROVINCE OF ONTARIO
RUN NUMBER : 230                         MINISTRY OF GOVERNMENT SERVICES                          REPORT : PSSR060
RUN DATE : 2015/08/18              PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM                 PAGE   :      43
ID : 20150818120554.38                       ENQUIRY SEARCH RESPONSE
TYPE OF SEARCH        : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY         : 17AUG 2015

    FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT
        CAUTION      PAGE     TOTAL  MOTOR VEHICLE     REGISTRATION        REGISTERED
        FILING        NO.  OF  PAGES     SCHEDULE          NUMBER             UNDER
01                    002      2                      20121109 1344 1590 0645
21  RECORD      FILE NUMBER   678405006
    REFERENCED                                                          RENEWAL    CORRECT
                PAGE AMENDED   NO SPECIFIC PAGE AMENDED   CHANGE REQUIRED   YEARS      PERIOD
22
                                  FIRST GIVEN NAME      INITIAL   SURNAME
23  REFERENCE
24  DEBTOR/       BUSINESS NAME
    TRANSFEROR
25  OTHER CHANGE
26  REASON/
27  DESCRIPTION
28
02/          DATE OF BIRTH        FIRST GIVEN NAME      INITIAL   SURNAME
05  DEBTOR/
03/ TRANSFEREE    BUSINESS NAME    K.D. QUALITY PELLETS
06                                                                                  ONTARIO CORPORATION NO.
04/07                     ADDRESS    999582 HIGHWAY #11 NORTH RR#2          NEW LISKEARD              ON      P0J 1P0
29  ASSIGNOR
    SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09                        ADDRESS
    COLLATERAL CLASSIFICATION
           CONSUMER                                      MOTOR VEHICLE              DATE OF           NO FIXED
            GOODS   INVENTORY EQUIPMENT ACCOUNTS OTHER    INCLUDED        AMOUNT   MATURITY   OR   MATURITY DATE
10
             YEAR  MAKE                            MODEL                   V.I.N.
11  MOTOR
12  VEHICLE
13  GENERAL
14  COLLATERAL
15  DESCRIPTION
16  REGISTERING AGENT OR
17  SECURED PARTY/       ADDRESS
    LIEN CLAIMANT
                              *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
                                                                                     CONTINUED...    44
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

RUN NUMBER : 230
RUN DATE : 2015/08/18
ID : 20150818120554.38
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1793082 ONTARIO LTD.
FILE CURRENCY : 17AUG 2015

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
706638168	20150601 1646 1590 6748			
706638231	20150601 1647 1590 6749			
706638258	20150601 1649 1590 6750			
706638285	20150601 1650 1590 6751			
703362582	20150202 1619 1862 0530			
694524816	20140319 1538 9243 0184	20140711 0847 9243 0215		
692522244	20131211 1108 1616 4757	20140110 1102 1616 5191		
692478225	20131209 1643 8077 1349			
692478234	20131209 1643 8077 1350			
692395722	20131205 1434 1530 3672			
687790107	20130614 1104 1902 9017			
682799337	20121109 1529 1590 0654			
681452883	20120914 1209 1862 7986			
680163012	20120724 1123 1590 4886	20121109 1334 1590 0644		
678405006	20120515 1625 1590 1028	20121109 1344 1590 0645		

19 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

TAB: H

ONTARIO PPSA New Registration
1C CONFIRMATION

PPSA Ref File No.: 747406152
Registration Number: 20190108 1402 1590 7149
REGISTRATION TYPE: Personal Property Security Act
TERM OF REGISTRATION (YEARS): 5

Expiry Date: 2024-01-08
CAUTION FILING: N
MOTOR VEHICLE SCHEDULE: N

DEBTORS

Business Debtors

	BUSINESS NAME ONTARIO CORPORATION NUMBER	ADDRESS
1	1793082 ONTARIO LTD.	999582 HIGHWAY #11 NORTH, RR#2 NEW LISKEARD ON P0J 1P0
2	K.D. QUALITY PELLETS	999582 HIGHWAY #11 NORTH, RR#2 NEW LISKEARD ON P0J 1P0

SECURED PARTIES

Secured Parties

	NAME	ADDRESS
1	TEMISKAMING DEVELOPMENT FUND CORPORATION	74C SCOTT STREET, P.O. BOX 1810 NEW LISKEARD ON P0J 1P0

COLLATERAL

Collateral Classification Selected	MATURITY DATE	AMOUNT SECURED
Consumer Goods ___ Inventory ___ Equipment x Accounts ___ Other x Motor Veh Incl ___	No Fixed Date	

General Collateral

PURSUANT TO SECTIONS 30(6) AND 52(2) OF THE PERSONAL PROPERTY SECURITY ACT (ONTARIO), THIS IS A RE-REGISTRATION OF REFERENCE FILE NUMBER 682799337, REGISTRATION NUMBER 20121109 1529 1590 0654, WHICH HAD EXPIRED IN ERROR.

REGISTERING AGENT

NAME	ADDRESS
CASSELS BROCK & BLACKWELL LLP (25614-32/JP)	SUITE 2100, 40 KING STREET W. TORONTO ON M5H 3C2

TAB: I

LRO # 54 Charge/Mortgage

The applicant(s) hereby applies to the Land Registrar.

Registered as DT35188 on 2012 05 15 at 16:04

yyyy mm dd Page 1 of 3

Properties

PIN	61311 – 0291 LT	*Interest/Estate*	Fee Simple
Description	PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N 1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY; DISTRICT OF TIMISKAMING		
Address	HARLEY		

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 1793082 ONTARIO LTD.

Address for Service 999582 Highway #11 North, RR#2
New Liskeard, Ontario
P0J 1P0

I, KENNETH ANDREW DOUPE, PRESIDENT, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s) *Capacity* *Share*

Name TEMISKAMING DEVELOPMENT FUND CORPORATION

Address for Service 74C Scott Street
P.O. Box 1810
New Liskeard, Ontario
P0J 1P0

Statements

Schedule: See Schedules

Provisions

Principal	$400,000.00	*Currency*	CDN
Calculation Period	semi-annually		
Balance Due Date	2020/10/15		
Interest Rate	5.0%		
Payments	$5,117.00		
Interest Adjustment Date	2012 07 15		
Payment Date	15th of the month		
First Payment Date	2012 11 15		
Last Payment Date	2020 10 15		
Standard Charge Terms	200033		
Insurance Amount	See standard charge terms		
Guarantor			

Signed By

Eleanor Jean Baccega — 120 Pine Street South, Timmins, P4N 2K4 — acting for Chargor (s) — Signed 2012 05 15

Tel 7052641285

Fax 7052647424

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

EVANS, BRAGAGNOLO & SULLIVAN — 120 Pine Street South, Timmins, P4N 2K4 — 2012 05 15

Tel 7052641285

LRO # 54 **Charge/Mortgage** | **Registered as DT35188 on 2012 05 15 at 16:04**

The applicant(s) hereby applies to the Land Registrar. | yyyy mm dd Page 2 of 3

Submitted By

Fax 7052647424

Fees/Taxes/Payment

Statutory Registration Fee	$60.00
Total Paid	$60.00

File Number

Chargor Client File Number :	11-82659
Chargee Client File Number :	11-82659

ADDITIONAL PROVISIONS

Payment Provisions

a) The debts and liabilities secured by this Charge are all debts, liabilities and obligations(including all future advances and re-advances, interest, and interest on overdue interest), present or future, whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by you to Temiskaming Development Fund Corporation as principal, guarantor, indemnitor or otherwise, including all of your present and future debts, liabilities and obligations at any time owing by you under one or more of the following:

i) any Offer of Financing made between you and Temiskaming Development Fund Corporation ;

ii) any Promissory Note agreement made between you and Temiskaming Development Fund Corporation ;

iii) any guarantee given by you to Temiskaming Development Fund Corporation ;

iv) this Charge; and

v) any other agreement, arrangement or document given by or between you and Temiskaming Development Fund Corporation including those in renewal or replacement of, and any amendment of, any one or more of the documents described in i) to iv) above.

b) You charge the property covered by the Charge with payment to Temiskaming Development Fund Corporation of the following amounts:

the debts and liabilities described in para. a) above including the amount set out under the heading "Principal Amount" on the Charge/Mortgage of Land (Form 2), plus

interest on the amounts payable under sub-paragraph i) above at the rate of 7% calculated semi-annually not in advance, both before and after maturity and default.

This Schedule forms part of a Charge from 1793082 Ontario Ltd. o/a KD Quality Pellets to Temiskaming Development Fund Corporation dated May 15, 2012.

LRO # 54 **Charge/Mortgage** **Receipted as DT35188** on 2012 05 15 at 16:04

The applicant(s) hereby applies to the Land Registrar. yyyy mm dd Page 1 of 2

Properties

PIN	61311 - 0291 LT *Interest/Estate* Fee Simple
Description	PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N 1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY; DISTRICT OF TIMISKAMING
Address	HARLEY

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name	1793082 ONTARIO LTD.
Address for Service	999582 Highway #11 North, RR#2 New Liskeard, Ontario P0J 1P0

I, KENNETH ANDREW DOUPE, PRESIDENT, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s) *Capacity* *Share*

Name	TEMISKAMING DEVELOPMENT FUND CORPORATION
Address for Service	74C Scott Street P.O. Box 1810 New Liskeard, Ontario P0J 1P0

Statements

Schedule: See Schedules

Provisions

Principal	$ 400,000.00	*Currency*	CDN
Calculation Period	semi-annually		
Balance Due Date	2020/10/15		
Interest Rate	5.0%		
Payments	$ 5,117.00		
Interest Adjustment Date	2012 07 15		
Payment Date	15th of the month		
First Payment Date	2012 11 15		
Last Payment Date	2020 10 15		
Standard Charge Terms	200033		
Insurance Amount	See standard charge terms		
Guarantor			

Signed By

Eleanor Jean Baccega	120 Pine Street South Timmins P4N 2K4	acting for Chargor(s)	Signed	2012 05 15

Tel 7052641285

Fax 7052647424

I have the authority to sign and register the document on behalf of the Chargor(s).

LRO # 54 **Charge/Mortgage** **Receipted as DT35188** on 2012 05 15 at 16:04

The applicant(s) hereby applies to the Land Registrar. yyyy mm dd Page 2 of 2

Submitted By

EVANS, BRAGAGNOLO & SULLIVAN
120 Pine Street South
Timmins
P4N 2K4
2012 05 15

Tel 7052641285
Fax 7052647424

Fees/Taxes/Payment

Statutory Registration Fee	$60.00
Total Paid	$60.00

File Number

Chargor Client File Number :	11-82659
Chargee Client File Number :	11-82659

ADDITIONAL PROVISIONS

Payment Provisions

a) The debts and liabilities secured by this Charge are all debts, liabilities and obligations(including all future advances and re-advances, interest, and interest on overdue interest), present or future, whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by you to Temiskaming Development Fund Corporation as principal, guarantor, indemnitor or otherwise, including all of your present and future debts, liabilities and obligations at any time owing by you under one or more of the following:

i) any Offer of Financing made between you and Temiskaming Development Fund Corporation ;

ii) any Promissory Note agreement made between you and Temiskaming Development Fund Corporation ;

iii) any guarantee given by you to Temiskaming Development Fund Corporation ;

iv) this Charge; and

v) any other agreement, arrangement or document given by or between you and Temiskaming Development Fund Corporation including those in renewal or replacement of, and any amendment of, any one or more of the documents described in i) to iv) above.

b) You charge the property covered by the Charge with payment to Temiskaming Development Fund Corporation of the following amounts:

the debts and liabilities described in para. a) above including the amount set out under the heading "Principal Amount" on the Charge/Mortgage of Land (Form 2), plus

interest on the amounts payable under sub-paragraph i) above at the rate of 7% calculated semi-annually not in advance, both before and after maturity and default.

This Schedule forms part of a Charge from 1793082 Ontario Ltd. o/a KD Quality Pellets to Temiskaming Development Fund Corporation dated May 15, 2012.

TAB: J

Ontario ServiceOntario

LAND REGISTRY OFFICE #54

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

61311-0291 (LT)

PREPARED FOR CMcLeod1
ON 2018/10/01 AT 14:59:11

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N 1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY; DISTRICT OF TIMISKAMING; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46532; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46533

PROPERTY REMARKS: CROWN GRANT SEE NP5922. CROWN GRANT SEE TP9256. PLANNING ACT CONSENT IN DOCUMENT DT31552.

ESTATE/QUALIFIER: FEE SIMPLE ABSOLUTE

RECENTLY: DIVISION FROM 61311-0272

PIN CREATION DATE: 2011/09/13

OWNERS' NAMES: 1793082 ONTARIO LTD.

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
*** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2011/09/13 ***						
DT12104	2008/01/18	CHARGE		*** DELETED AGAINST THIS PROPERTY *** 1330711 ONTARIO LTD	THE TORONTO-DOMINION BANK	
54R5414	2009/11/03	PLAN REFERENCE				C
DT21947	2009/11/19	CHARGE		*** DELETED AGAINST THIS PROPERTY *** 1330711 ONTARIO LTD	SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION	
54R5437	2010/02/26	PLAN REFERENCE				C
DT31552	2011/09/08	TRANSFER	$810,000	1330711 ONTARIO LTD.	1793082 ONTARIO LTD.	C
DT35186	2012/05/15	DISCH OF CHARGE		*** COMPLETELY DELETED *** SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION		
REMARKS: DT21947.						
DT35188	2012/05/15	CHARGE	$400,000	1793082 ONTARIO LTD.	TEMISKAMING DEVELOPMENT FUND CORPORATION	C
DT36146	2012/07/12	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE TORONTO-DOMINION BANK		
REMARKS: DT12104.						
DT36286	2012/07/24	NOTICE		TEMISKAMING DEVELOPMENT FUND CORPORATION	1793082 ONTARIO LTD.	C
REMARKS: DT35188						
DT36287	2012/07/24	CHARGE		*** COMPLETELY DELETED *** 1793082 ONTARIO LTD.	SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION	
DT36288	2012/07/24	POSTPONEMENT		*** COMPLETELY DELETED *** TEMISKAMING DEVELOPMENT FUND CORPORATION	SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION	
REMARKS: DT35188 TO DT36287						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

Ontario ServiceOntario

LAND
REGISTRY
OFFICE #54

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

61311-0291 (LT)

PREPARED FOR CMcLeod1
ON 2018/10/01 AT 14:59:11

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
DT36290	2012/07/24	CHARGE	$500,000	1793082 ONTARIO LTD.	SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION	C
DT38018	2012/11/09	CHARGE	$1,000,000	1793082 ONTARIO LTD.	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
DT38020	2012/11/09	NOTICE		1793082 ONTARIO LTD.	NORTHERN ONTARIO HERITAGE FUND CORPORATION SOUTH TEMISKAMING FUTURES DEVELOPMENT CORPORATION TEMISKAMING DEVELOPMENT FUND CORPORATION ROYAL BANK OF CANADA	C
DT38027	2012/11/09	APL (GENERAL)		*** COMPLETELY DELETED *** SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION		
REMARKS: DELETE DT36288						
54R5732	2014/01/30	PLAN REFERENCE				C
DT46532	2014/08/07	TRANSFER EASEMENT	$500	1793082 ONTARIO LTD.	HYDRO ONE NETWORKS INC.	C
DT46533	2014/08/07	TRANSFER EASEMENT	$5	1793082 ONTARIO LTD.	HYDRO ONE NETWORKS INC.	C
DT54303	2016/04/11	CERTIFICATE		*** COMPLETELY DELETED *** THE CORPORATION OF THE TOWNSHIP OF HARLEY		
REMARKS: TAX ARREARS						
DT57599	2016/12/29	LIEN		*** COMPLETELY DELETED *** HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		
REMARKS: TAX LIEN						
DT58193	2017/03/02	DISCHARGE INTEREST		*** COMPLETELY DELETED *** HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		
REMARKS: DT57599.						
DT58223	2017/03/07	LIEN	$253,568	HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		C
DT58744	2017/04/28	APL (GENERAL)		THE CORPORATION OF THE TOWNSHIP OF HARLEY		C
REMARKS: SUBJECT TO A LIEN IN FAVOUR OF TEMISKAMING DEVELPMENT FUND CORPORATION AS IN DT58744						
DT60739	2017/09/29	DISCH OF CHARGE		*** COMPLETELY DELETED *** SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION		
REMARKS: DT36287.						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

TAB: K

Paul Crombeen o/a

KEMP PIRIE CROMBEEN

Barristers, Solicitors and Notaries*

Paul Crombeen, B.A., J.D.
George W. Kemp, B.Comm., LL.B.
Kathryn J. Pirie, B.A., LL.B.
Brigid A. Wilkinson, B.A., LL.B.

Phone: (705) 647-7353
Fax: (705) 647-6473
Email: nllaw@kemppirie.com
Website: www.kemppirie.com

*George W. Kemp, Kathryn J. Pirie and Brigid A. Wilkinson are employees of Kemp Pirie Crombeen

February 24, 2016

KPOP

VIA Regular Mail

Temiskaming Development Fund Corporation
74C Scott Street
P.O. Box 1810
New Liskeard, Ontario
P0J 1P0

Dear Sir/Madam,

RE: 1793082 Ontario Ltd.
PIN 61311-0291 (LT)
PT N1/2 LT 7 CON 4 HARLEY PT 2 54R5414;
PT N1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY;
HARLEY; DISTRICT OF TIMISKAMING;
SUBJECT TO AN EASEMENT IN GROSS
OVER PT 3 54R-5732 AS IN DT46532;
SUBECJECT TO AN EASEMENT IN GROSS
OVER PT 3 54-5732 AS IN DT46533

Tax Arrears Proceedings

The Clerk of The Corporation of the Township of Harley has asked to commence municipal tax sales proceedings on the above property. Since you are the holder of a Mortgage registered as DT35188 at the Land Registry Office for Timiskaming, a copy of which is enclosed, we wish to advise you that these proceedings will commence on March 9, 2016, unless the outstanding realty taxes on the property as of December 31, 2015, the current year's realty taxes now due and payable, penalty interest, as well as the cost of the preliminary letters are paid in full by **certified cheque or bank draft** to The Corporation of the Township of Harley by March 9, 2016. Please contact the Clerk of the Township of Harley at 705-647-5439 for the full amount owing.

I cannot impress upon you the importance of making this payment. If we proceed with the municipal tax sale proceedings an **additional** cost of approximately $700.00 (one file only) for the first step in the proceedings alone will be incurred. After additional costs for each of the next steps required in the municipal tax sale proceedings, the property will either be sold or vest in The Corporation of the Township of Harley.

I strongly urge that the tax arrears be paid by March 9, 2016, failing which the Township of Harley will commence the municipal tax sale proceedings.

Yours very truly,

KEMP PIRIE CROMBEEN

Brigid Wilkinson

Brigid A. Wilkinson
BAW/

Encl.

FORM 1

NOTICE OF REGISTRATION OF TAX ARREARS CERTIFICATE

Municipal Act, 2001

The Corporation of the Township of Harley
(name of Municipality or Board)

To: Temiskaming Development Fund Corporation

Address: 74C Scott Street, P.O. Box 1810, New Liskeard, ON P0J 1P0

Re: *(Description of Land; a parcel number must be provided where the land is registered in the land titles system)*

PIN 61311-0291 (LT); PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N1/2 LT 8 CON 4 EXCEPT PT 1, 54R5437; HARLEY; DISTRICT OF TIMISKAMING; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT 46532; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT 46533

1. A tax arrears certificate, a copy of which is attached, was registered on the 11th day of April, 2016 against the title to the land to which the certificate applies as instrument number DT54303.
2. If you are a person entitled under the *Municipal Act, 2001* to receive this notice and you pay the cancellation price, you will, if you are not the owner or the spouse of the owner of the land, have a lien on the land for the amount paid in priority over the interest of any other person to whom notice is sent under that Act.
3. If, at the end of the one-year period following the date of the registration of the tax arrears certificate, the cancellation price remains unpaid and there is no subsisting extension agreement, the land will be sold by public sale.
4. The treasurer has no obligation to inquire into or form any opinion of the value of the land before conducting a sale under the *Municipal Act, 2001* and the treasurer is not under any duty to obtain the highest or best price for the land.
5. You may claim entitlement to a share in the proceeds of the sale of the land by applying to the Superior Court of Justice within one year of the payment into court by the treasurer to obtain the highest or best price for the land.
6. If there is no successful purchaser at the public sale, the land, upon the registration of a notice of vesting will vest in the municipality (or board).
7. Inquiries related to the matters set out in this notice may be directed to:

Title Clerk	**Name of Municipality or Board** The Corporation of the Township of Harley
Address of Municipality or Board RR#2, 903303 Hanbury Rd. New Liskeard, ON P0J 1P0	

Dated at Township of Harley this 6 Day of May 2016

Clerk

Title Clerk-Treasurer

Signature of Treasurer or Other officer or Employee Authorized to Give this Notice

Note: This document need not be registered.

LRO # 54 Certificate Receipted as DT54303 on 2016 04 11 at 11:02

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd

Properties

PIN 61311 - 0291 LT

Description PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N 1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY; DISTRICT OF TIMISKAMING; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46532; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46533

Address HARLEY

Party From(s)

Name THE CORPORATION OF THE TOWNSHIP OF HARLEY

Address for Service RR#2
903303 Hanbury Rd.
New Liskeard, ON P0J 1P0

This document is not authorized under Power of Attorney by this party.

This document is being authorized by a municipal corporation Michel Lachapelle (Clerk-Treasurer).

Statements

Schedule: See Schedules

Signed By

Brigid Alyssa Wilkinson — 22 Armstrong Street, Timiskaming Shores, P0J 1P0 — acting for Party From(s) — Signed 2016 04 11

Tel 705-647-7353

Fax 705-647-6473

I have the authority to sign and register the document on behalf of the Party From(s).

Submitted By

KEMP PIRIE CROMBEEN — 22 Armstrong Street, Timiskaming Shores, P0J 1P0 — 2016 04 11

Tel 705-647-7353

Fax 705-647-6473

Fees/Taxes/Payment

Statutory Registration Fee $62.85

Total Paid $62.85

File Number

Party From Client File Number : 24180 BAW

Municipal Act, 2001

PIN 61311-0291

1. The Clerk-Treasurer, Michel Lachapelle, of The Corporation of the Township of Harley, hereby certifies that all or part of the tax arrears in the amount $50,422.51 were owing on the 31st day of December, 2015, and that at least part of such amount plus any additional real property taxes and costs are still owing to the Municipality or Board, named above, and that the land described in this certificate will be sold by public sale if the cancellation price is not paid within one year following the date of registration of this tax arrears certificate. S.373(2)

2. The Treasurer makes this statement on the 7 day of April, 2016.

   A. The time period for paying the cancellation price may be extended if the Municipality or board authorizes an extension agreement with the owner of the land, the spouse of the owner, a mortgagee or a tenant in occupation of the land before the expiry of the one-year period.

   B. The cancellation price will be calculated as of the date that the amount of the tax arrears is paid to the municipality or board and may be higher than the amount set out in this certificate.

   C. If there is no successful purchaser at the public sale, the land, upon registration of a notice of vesting, will vest in the municipality or board.

   D. Any inquiries relating to this matter may be directed to the municipality or board named below:

The Corporation of the Township of Harley
RR#2
093303 Hanbury Rd.
New Liskeard, ON P0J 1P0

DATED this 7 day of April, 2016

THE CORPORATION OF THE
TOWNSHIP OF HARLEY

Per: Michel Lachapelle
Michel Lachapelle, Clerk-Treasurer

TEMFUND CORP
Date
10/2/17

FORM 3
FINAL NOTICE

Municipal Act, 2001

The Corporation of the Township of Harley
(*name of Municipality or Board*)

To: Temiskaming Development Fund Corporation

Address: 74C Scott Street, P.O. Box 1810, New Liskeard, ON P0J 1P0

Re: PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N1/2 LT 8 CON 4 EXCEPT PT 1, 54R5437; HARLEY; DISTRICT OF TIMISKAMING; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT 46532; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT 46533

1. You are hereby notified, as a person to whom a notice of registration of a tax arrears certificate against the land described above was sent, that the cancellation price remains unpaid and that there is no subsisting extension agreement.
2. The land will be advertised for public sale unless the cancellation price is paid or an extension agreement is arranged before the 12th Day of April 2017, between the municipality (or board) and the owner of the land, the spouse of the owner, a mortgagee or a tenant in occupation of the land.
3. The treasurer has no obligation to inquire into or form any opinion of the value of the land before conducting a sale under the *Municipal Act, 2001* and the treasurer is not under any duty to obtain the highest or best price for the land.
4. Any inquiry regarding this notice may be directed to:

Title Clerk	**Name of Municipality or Board** The Corporation of the Township of Harley
Address of Municipality or Board RR#2, 903303 Hanbury Rd. New Liskeard, ON P0J 1P0	

Dated at......Twp of Harley...... this......31st...... Day of ......January.......... 2017

[signature]

Signature of Treasurer or Other officer or Employee Authorized to Give this Notice

Clerk-Treasurer

Title

Note: This document need not be registered.

TEMISKAMING DEVELOPMENT FUND CORPORATION

161991

Township of Harley 04/12/2017 1991

20170412/1991.................................... 97,737.38

RE: - KD QUALITY PELLETS back taxes + fees

- ROLL #17503

Total 97,737.38

37 DFF309 mixrx2 05/05/2016 15:57

Township of Harley 04/12/2017 1991

20170412/1991.................................... 97,737.38

Total 97,737.38

Township of Harley 04/12/2017 1991

20170412/1991.................................... 97,737.38

Total 97,737.38

CORPORATION OF THE
TOWNSHIP OF HARLEY
R.R.#2, 903303 Hanbury Rd.
New Liskeard, ON P0J 1P0
tel: 705-647-5439 fax: 705-647-6373

April 12, 2017

Temiskaming Development Fund Corporation
74 Scott St
New Liskeard, ON
P0J 1P0

Gentlemen:

This letter is to confirm that we received a cheque for Roll #54 26 000 001 17503 0000, Township of Harley on this day, April 12, 2017, in the amount of $97,737.38, which will clear all tax arrears as of this day.

Regards,

Lise L. Lachapelle
Assistant to Clerk-Treasurer
Township of Harley

Township Of Harley
903303 Hanbury RR 2
New Liskeard, Ontario P0J 1P0
705-647-5439
www.harley.ca

Township Of Harley
Receipt Of Payment Of Taxes

Date:	2017-04-13
Roll Number:	5426-000001-17503-0000
Total Paid:	$97737.38
Payment Method:	Cheque
Receipt Number:	4112

Owner name and address:

1793082 ONTARIO LTD
R.R. 2 999562 Highway 11
NEW LISKEARD, ON P0J 1P0

Account	Payment Received	Remaining Account Balance
5426-000001-17503-0000	97,737.38	-603.51

Outstanding balances and breakdown of payment.

Tax Year	Applied To Taxes	Outstanding Taxes	Applied To Interest	Outstanding Interest
2017	11,771.29	-603.51	0.00	0.00
2016	23,578.50	0.00	2,792.32	0.00
2015	21,346.07	0.00	5,457.37	0.00
2014+	24,517.18	0.00	8,274.65	0.00
TOTAL	**81,213.04**	**-603.51**	**16,524.34**	**0.00**

Tax Arrears Cancellation Certificate

Municipal Act, 2001

The Clerk-Treasurer, Michel Lachapelle, hereby certifies that in accordance with the Municipal Act, 2001, the tax arrears certificate registered on April 11, 2016 as No. DT54303 is cancelled in respect of PIN 61311-0291 LT.

The cancellation price was paid on April 12, 2017 by Temiskaming Development Fund Corporation, a person other than the owner or the spouse of the owner of the land, who was entitled to receive notice under subsection 374(1) of the Municipal Act, 2001 or an assignee of such person, and, as a result of the payment has a lien on the land for $97,737.38 and the lien has priority over the interest of any person to whom notice was sent under subsection 374 of the Municipal Act, 2001.

DATED this 27th day of April, 2017.

THE CORPORATION OF THE
TOWNSHIP OF HARLEY

Per: ______________________
Michel Lachapelle, Clerk-Treasurer

Date: 2019-01-03

KD Pellets - Tax & Arrears Payment
Advanced - April 12, 2017

NO PAYMENTS MADE

Initial Principal	$97,737.38
Positive Payments = 0	Negative Payments = 0
Payment	$8,412.61
Compound Interest	Semiannually
Interest rate (2019-01-03)	6.0000 %
Payment Frequency	Monthly
Origination Date	2017-04-12
First Payment	2017-05-15

	Start Date	Pmt Date	Payment	Rate	Principal	Interest	Balance	Comment
1	2017-04-12	2017-05-15	$0.00	6.0000 %	$-529.53	$529.53	$98,266.91	
2	2017-05-15	2017-06-15	$0.00	6.0000 %	$-485.30	$485.30	$98,752.21	
3	2017-06-15	2017-07-15	$0.00	6.0000 %	$-487.70	$487.70	$99,239.91	
4	2017-07-15	2017-08-15	$0.00	6.0000 %	$-490.11	$490.11	$99,730.02	
5	2017-08-15	2017-09-15	$0.00	6.0000 %	$-492.53	$492.53	$100,222.55	
6	2017-09-15	2017-10-15	$0.00	6.0000 %	$-494.96	$494.96	$100,717.51	
7	2017-10-15	2017-11-15	$0.00	6.0000 %	$-497.41	$497.41	$101,214.92	
8	2017-11-15	2017-12-15	$0.00	6.0000 %	$-499.86	$499.86	$101,714.78	
2017 Totals			$0.00		$-3,977.40	$3,977.40	$101,714.78	
9	2017-12-15	2018-01-15	$0.00	6.0000 %	$-502.33	$502.33	$102,217.11	
10	2018-01-15	2018-02-15	$0.00	6.0000 %	$-504.81	$504.81	$102,721.92	
11	2018-02-15	2018-03-15	$0.00	6.0000 %	$-507.30	$507.30	$103,229.22	
12	2018-03-15	2018-04-15	$0.00	6.0000 %	$-509.81	$509.81	$103,739.03	
13	2018-04-15	2018-05-15	$0.00	6.0000 %	$-512.33	$512.33	$104,251.36	
14	2018-05-15	2018-06-15	$0.00	6.0000 %	$-514.86	$514.86	$104,766.22	
15	2018-06-15	2018-07-15	$0.00	6.0000 %	$-517.40	$517.40	$105,283.62	
16	2018-07-15	2018-08-15	$0.00	6.0000 %	$-519.96	$519.96	$105,803.58	
17	2018-08-15	2018-09-15	$0.00	6.0000 %	$-522.52	$522.52	$106,326.10	
18	2018-09-15	2018-10-15	$0.00	6.0000 %	$-525.10	$525.10	$106,851.20	
19	2018-10-15	2018-11-15	$0.00	6.0000 %	$-527.70	$527.70	$107,378.90	
20	2018-11-15	2018-12-15	$0.00	6.0000 %	$-530.30	$530.30	$107,909.20	
2018 Totals			$0.00		$-6,194.42	$6,194.42	$107,909.20	

Grand Total

Initial Principal	$97,737.38
Additional Principal	$0.00
Total Principal	$97,737.38
Total Interest	$10,171.82
Total Payments	$0.00
Balance	$107,909.20
Method	Normal (Comp., Eff. Rate) Equal Periods
Day Count	Actual/Actual
Payment Method	Normal
Daily Interest on True Balance	$ 17.74

TAB: L

INTERCREDITOR AGREEMENT

This Agreement is made as of December 9, 2013

Among:

1793082 ONTARIO LTD., o/a "K.D. QUALITY PELLETS"
a corporation existing
under the laws of the Province of Ontario

(the "**Borrower**")

- and -

NORTHERN ONTARIO HERITAGE FUND CORPORATION,

a corporation existing
under the laws of the Province of Ontario

(**"NOHFC"**)

- and -

SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION / SOCIETE D'AIDE AU DEVELOPPEMENT DES COLLECTIVITES DU TEMISKAMING SUD,
a corporation existing
under the laws of the Province of Ontario

(**"STCFDC"**)

- and –

TEMISKAMING DEVELOPMENT FUND CORPORATION,
a corporation existing
under the laws of the Province of Ontario

(**"TemFund"**)

- and –

ROYAL BANK OF CANADA / BANQUE ROYALE DU CANADA,
a chartered bank existing under the federal laws of Canada

(**"RBC"**)

Whereas:

(a) pursuant to a loan and conditional contribution agreement made as of October 9, 2012, between NOHFC and the Borrower, NOHFC has agreed to provide a term loan to the Borrower of up to $500,000 and a conditional contribution of up to $500,000;

(b) pursuant to a loan agreement dated June 21, 2012 made by STCFDC to the Borrower, STCFDC has agreed to make a term loan to the Borrower of up to $500,000;

(c) Pursuant to an Offer of Loan dated May 8, 2012 between TemFund and the Borrower, TemFund has agreed to make a term loan to the Borrower of up to $400,000;

(d) RBC has agreed to provide the following financing to the Borrower: a margined operating line of credit of up to $300,000, a Visa expense facility of up to $30,000 and an equipment lease facility (whereby RBC will purchase and lease equipment to the Borrower from time to time, and take purchase-money security interests in such equipment) of up to $510,000; and

(e) the parties wish to enter into this Agreement to establish the relative priorities of the NOHFC Security, the STCFDC Security, the TemFund Security and the RBC Security (as those terms are hereinafter defined) and the indebtedness secured thereby.

Now therefore for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Definitions.** In this Agreement, "collateral", "equipment", "personal property" and "proceeds" have the meanings assigned by the *Personal Property Security Act* (Ontario). Unless there is something in the subject matter or context inconsistent therewith:

   (a) "**Business Day**" means a day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario;

   (b) "**Lenders**" means collectively NOHFC, STCFDC, TemFund and RBC, and "**Lender**" means any one of them;

   (c) **"Lenders' Security"** means collectively the NOHFC Security, the STCFDC Security, the TemFund Security and/or the RBC Security;

   (d) "**NOHFC Obligations**" means all present and future indebtedness of the Borrower to NOHFC up to a maximum principal amount of **$1,000,000**, together with interest, fees (including legal fees) and similar charges and costs of enforcement, whether or not the Borrower is in default;

   (e) "**NOHFC Security**" means all present and future security granted by the Borrower to NOHFC to secure the payment and performance of the NOHFC Obligations;

   (f) "**Obligations**" means the NOHFC Obligations, the STCFDC Loan Obligations, the TemFund Obligations and the RBC Obligations;

(g) "***pari passu***" on any date means equality in priority (rank) and the rateable sharing of security and the proceeds thereof in the same proportion as the balance of the Obligations then outstanding;

(h) "***pari passu Lenders***" means collectively NOHFC, STCFDC, and TemFund and, and "**Lender**" means any one of them;

(i) "***pari passu Security***" means collectively the NOHFC Security, the STCFDC Security, and the TemFund Security;

(j) **"RBC Equipment"** means the equipment purchased by RBC and leased to the Borrower, in which RBC intends to take purchase-money security interests;

(k) **"RBC Obligations"** means all present and future indebtedness of the Borrower to RBC up to a maximum aggregate principal amount of **$840,000,** together with interest, fees (including legal fees) and similar charges and costs of enforcement, whether or not the Borrower is in default;

(l) **"RBC Security"** means all present and future security granted by the Borrower to RBC to secure the payment and performance of the RBC Obligations;

(m) "**Real Property**" means all right, title and interest of the Borrower in and to any real or immovable property now owned or leased or hereafter acquired or leased and wheresoever situate, and specifically including all buildings and fixtures located thereon, with the exception that the term "Real Property" herein shall not include any RBC Equipment and/or the proceeds thereof, regardless of the degree of annexation to any such real property and/or whether such equipment is or becomes a fixture;

(n) "**STCFDC Loan Obligations**" means all present and future indebtedness of the Borrower to STCFDC up to a maximum principal amount of **$500,000**, together with interest, fees (including legal fees) and similar charges and costs of enforcement, whether or not the Borrower is in default;

(o) "**STCFDC Remaining Obligations**" means the principal amount (if any) of all present and future indebtedness of the Borrower to STCFDC up to a maximum aggregate principal amount of **$234,159**, excluding the STCFDC Loan Obligations, together with interest, fees (including legal fees) and similar charges and costs of enforcement, whether or not the Borrower is in default;

(p) "**STCFDC Security**" means all present and future security granted by the Borrower to STCFDC to secure the payment and performance of the STCFDC Loan Obligations and the STCFDC Remaining Obligations;

(q) **"TemFund Obligations"** means all present and future indebtedness of the Borrower to TemFund up to a maximum principal amount of **$400,000,** together with interest, fees (including legal fees) and similar charges and costs of enforcement, whether or not the Borrower is in default; and

(r) **"TemFund Security"** means all present and future security granted by the Borrower to TemFund to secure the payment and performance of the TemFund Obligations.

2. **Priority on Real Property.** The Lenders' Security shall rank in descending order of priority with respect to the Real Property as follows:

   (a) firstly, the NOHFC Security, the STCFDC Security and the TemFund Security shall rank *pari passu* to the extent of the NOHFC Obligations, the STCFDC Loan Obligations and the TemFund Obligations, respectively;

   (b) secondly, the STCFDC Security to the extent of the STCFDC Remaining Obligations.

3. **Priority on Personal Property.** Subject to the terms and conditions of this Agreement, the Lenders' Security shall rank in descending order of priority with respect to the Borrower's personal property (excluding consumer goods) and any RBC Equipment and the proceeds thereof, regardless of the degree of annexation to any such real property and/or whether such equipment is or becomes a fixture, as follows:

   (a) firstly, the RBC Security to the extent of the RBC Obligations;

   (b) secondly, the NOHFC Security, the STCFDC Security and the TemFund Security shall rank *pari passu* to the extent of the NOHFC Obligations, the STCFDC Loan Obligations and the TemFund Obligations, respectively, and

   (c) thirdly, the STCFDC Security to the extent of the STCFDC Remaining Obligations.

4. **Subordination.** The respective rights of each of NOHFC, STCFDC, TemFund and RBC under the Lenders' Security are hereby postponed and subordinated to the extent necessary to effectuate the priority ranking set out in this Agreement.

5. **Applicability of Priorities.** The respective priorities of the Lenders' Security set out in this Agreement and all other rights established, altered or specified herein, are applicable irrespective of the time, place or order of creation, execution, delivery, attachment or perfection thereof, the method of perfecting, the time, place or order of registration or filing of financing statements or recording of mortgages or other instruments, assignments or agreements, the giving of or failure to give notice of the acquiring of any charge, lien or security interest or the date or dates of any advance or advances, the date or dates of any default by the Borrower or any other relevant party or the date of the taking of enforcement proceedings (including possession).

6. **Lenders Not to Amend or Assign.** Each of NOHFC, STCFDC, TemFund and RBC agrees not to (a) increase the maximum principal amount of the NOHFC Obligations, STCFDC Loan Obligations, TemFund Obligations or RBC Obligations, as applicable, without the prior written consent of the other Lenders, or (b) transfer or assign its rights in the Lenders' Security without obtaining from the transferee or assignee an agreement to be bound by the provisions of this Agreement and without obtaining an acknowledgment from the transferee or assignee that this Agreement shall apply to both financing advanced prior to and subsequent to the date of the assignment or transfer.

7. **Agreement by Borrower.** The Borrower hereby agrees with the provisions hereof and further agrees that so long as any of the Lenders' Security is outstanding, it will stand possessed of its properties and assets thereby mortgaged, charged or assigned for the Lenders in accordance with the priorities herein set out.

8. **No Additional Rights.** Nothing in this Agreement shall be construed so as to entitle any Lender to receive any proceeds of realization upon any of the property or assets of the Borrower in respect of which such Lender does not have any security or in respect of which such Lender's security is invalid or unenforceable as against third parties. Nothing contained in this Agreement shall be construed as conferring any rights upon the Borrower or any party not a party to this Agreement.

~~9.~~ ~~**Rights to Proceeds.** If any of the property or assets of the Borrower are dealt with,~~ damaged, destroyed, lost or expropriated so as to give rise to proceeds (including amounts payable under insurance policies), the relative priority of claims of the Lenders against such proceeds shall be determined as if the claims were made against the original collateral which gave rise to such proceeds.

10. **Lenders to Furnish Information.** Each of the Lenders shall provide to the others from time to time, upon request, full information and particulars as to the amounts owing to such Lender by the Borrower, the performance by the Borrower of the terms and conditions of its agreements and obligations to such Lender and any other information which the party requesting the same deems material, and the Borrower consents to such disclosure.

11. **Agreement Not to Affect Payments.** Nothing in this Agreement shall prevent the Borrower from making payment of principal or interest to the Lenders until the bankruptcy, liquidation or winding-up of the Borrower or any other distribution of the property and assets of the Borrower for the purpose of winding up its affairs or until any of the Lenders shall have commenced to enforce their respective security over any of the property and assets of the Borrower.

12. **Customer Bank Account.** The *pari passu Lenders* shall not be entitled, notwithstanding anything to the contrary in this Agreement, to make a claim against any monies which are deposited in or disbursed from any account of the Borrower maintained with RBC, except for:

    (a) monies deposited in any accounts designated as trust accounts by the Borrower for the benefit of the on or more of the *pari passu Lenders*;

    (b) monies, over which the *pari passu Security* has priority pursuant to this Agreement, deposited after the time RBC has received written notice from the *pari passu Lenders* that:

        (i) they are enforcing their security interests against the Borrower, or

        (ii) the *pari passu Lenders* are entitled to such monies pursuant to this Agreement;

    (c) monies, over which the *pari passu Lenders* have priority pursuant to this Agreement, which are deposited after RBC has commenced enforcing its security against the Borrower; or

    (d) monies which are proceeds of assets over which the *pari passu Security* has priority pursuant to this agreement, if RBC has express actual knowledge thereof.

13. Pari Passu Provisions. Each of the Borrower, NOHFC, STCFDC and TemFund agrees, as between themselves, that:

(a) the *pari passu Security* shall rank equally on a pari passu basis in accordance with the provisions of this Agreement;

(b) each of the Lenders shall notify the other Lenders forthwith upon it becoming aware of any default under its respective *pari passu Security* and shall make reasonable efforts to meet promptly to discuss and reach agreement as to the procedure to be followed in realization of such security; provided that nothing contained in this Agreement shall prevent any Lender from taking any action against the Borrower that such Lender deems necessary, in its sole discretion, to protect its interests. If any Lender determines that it does not wish to realize upon its *pari passu Security* it shall, upon the request and at the expense of the other Lenders, subordinate and postpone its *pari passu Security* to the other *pari passu Security*;.

(c) each of the *pari passu Security* is hereby amended to provide that in addition to the events specified therein, the moneys secured by such *pari passu Security* shall become payable, and such *pari passu Security* shall become enforceable, upon default under any of the provisions of any of the other *pari passu Security*;

(d) all proceeds received by any of the Lenders or any receiver, receiver manager or agent acting on behalf of such Lender, following the occurrence of any default referred to in paragraph (b) above, shall be received in trust by such person for the benefit of all Lenders and shall be promptly applied as follows:

(i) firstly, if two or more of the Lenders have agreed to the appointment of a receiver or receiver-manager, in payment of all costs, charges and expenses of and incidental to the appointment of such receiver or receiver-manager and the exercise by such receiver or receiver-manager of all or any of its powers including the remuneration of the receiver or receiver-manager and reimbursement of all amounts properly paid by it;

(ii) secondly, if such payment was received by a Lender as a direct result of any individual enforcement action taken by such Lender or any receiver, receiver manager or agent acting on behalf of such Lender alone, in payment of or in reimbursement to such Lender of all reasonable costs, charges and expenses directly incurred by such Lender in connection with such action including reimbursement of any costs, charges or expenses of any such receiver, receiver manager or agent paid by such Lender individually;

(iii) thirdly, with respect to proceeds of the Borrower's personal property, to RBC to the extent of the RBC Obligations then outstanding;

(iv) fourthly, each of NOHFC, STCFDC and TemFund rateably in the same proportion as the balance of their respective Obligations then outstanding, until such obligations have been paid in full;

(v) fifthly, to STCFDC to the extent of the STCFDC Remaining Obligations, until such obligations have been paid in full, and

(vi) fifthly, any surplus remaining to the Borrower or to the party next entitled thereto.

14. **Notice of Enforcement.** The Lenders agree that they will use their reasonable best efforts to give prompt written notice to each other of any action taken by them against the Borrower to enforce their security. Such notice shall be given prior to or forthwith after taking such action, but failure to give such notice will not give either party any cause of action or right to damages or other remedy against one another, provided that nothing in this Section 14 is intended to waive or relieve against the specific notice requirements of Section 12 of this Agreement..

15. **Intervening Lenders.** If any person, other than the Lenders, shall have a valid claim, right or interest in or to any of the present or after-acquired personal property of the Borrower which is subject to all or any part of the Lenders' Security, or the proceeds thereof, in priority to or on a parity with one of the Lenders but not in priority to or on a parity with the other Lender, then this Agreement shall not apply so as to diminish the rights (as such rights would have been but for this Agreement) of such other Lender to such property or the proceeds thereof.

16. **Notice.** Any demand, notice, direction or other communication to be made or given hereunder (in each case, "**Communication**") shall be in writing and shall be made or given by personal delivery, by courier, by facsimile transmission, or sent by registered mail, charges prepaid, addressed to the respective parties as follows:

(i) if to the Borrower:

1793082 Ontario Ltd.
999582 Hwy 11 N., RR #2
New Liskeard, ON P0J 1P0
Attention: Kenneth Doupe, President
Fax: 705-647-1339

(ii) if to NOHFC:

Deloitte & Touche, LLP
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Attention: Joelle Gott, Associate Partner, Financial Advisory
Fax: (416) 601-6690

With a copy to:

Northern Ontario Heritage Fund Corporation
Suite 200, Roberta Bondar Place,
70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8

Attention: Executive Director
Fax: (705) 945-6701

(iii) if to STCFDC:

South Temiskaming Community Futures Development Corporation
467 Ferguson Avenue
P.O. Box 339
Haileybury, ON P0J 1K0

Attention: Ed Leduc, Business Services Officer
Fax: 705-672-5959

(iv) if to TemFund:

Temiskaming Development Fund Corporation
74C Scott Street
P.O. Box 1810
New Liskeard, Ontario P0J 1P0

Attention: Lorne Hilcoat, Business Development Officer
Fax: 705-628-2554

(v) if to RBC:

Royal Bank of Canada
Box 1300, 5 Armstrong Street
New Liskeard, Ontario P0J 1P0

Attention: Account Manager responsible for 1793082 Ontario Ltd., o/a K.D. Quality Pellets
Fax: 705-647-5822

or to such other address or facsimile number as any party may from time to time designate in accordance with this Section. Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication made or given by facsimile on a Business Day before 4:00 p.m. (local time of the recipient) shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth Business Day following the date of mailing but if, at the time of mailing or within five Business Days thereafter, there is or occurs a labour dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section.

17. **Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the parties hereto.

18. **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each such provision shall be interpreted in such a manner as to render them valid, legal and enforceable to the greatest extent permitted by applicable law. Each provision of this Agreement is declared to be separate, severable and distinct.

19. **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

20. **Execution in Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the effective date set forth above.

21. **Execution by Facsimile.** Delivery of an executed copy of a signature page to this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed copy of this Agreement and each party hereto undertakes to provide each other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

22. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

23. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof, and supersedes all prior agreements, representations, warranties, understandings, conditions or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.

24. **Further Assurances.** Each of the parties hereto shall forthwith, at its own expense and from time to time, do or file, or cause to be done or filed, all such things and shall execute and deliver all such agreements, certificates and instruments reasonably requested by any other party hereto as may be necessary or desirable to complete the transactions contemplated by this Agreement and carry out its provisions and intention.

[continued on following page]

This Agreement has been executed by the parties as of the date first stated above.

1793082 ONTARIO LTD.

By: ______________________
Kenneth Andrew Doupe
President

NORTHERN ONTARIO HERITAGE FUND CORPORATION

By: ______________________
~~Bruce Strapp~~ Robert Tarantini
A/ Executive Director

SOUTH TEMISKAMING COMMUNITY FUTURES DEVELOPMENT CORPORATION / SOCIETE D'AIDE AU DEVELOPPEMENT DES COLLECTIVITES DU TEMISKAMING SUD

By: ______________________
Name: DAN CLEROUX
Title: CHAIR

By: ______________________
Name: JOHN ROWSELL
Title: TREASURER.

TEMISKAMING DEVELOPMENT FUND CORPORATION

By: ______________________
Name: LORNE HILLCOAT
Title: BUSINESS DEVELOPMENT COORDINATOR

By: ______________________
Name:
Title:

[continued on following page]

ROYAL BANK OF CANADA / BANQUE ROYALE DU CANADA

By: ______________________
Name: Darryl VanLeer
Title: Account Manager

By: ______________________
Name: JEFF LAFERRIERE
Title: BRANCH MANAGER.

TAB: M

ACKNOWLEDGEMENT AND CONFIRMATION

To: Royal Bank of Canada (the "**Bank**")

And to: Northern Ontario Heritage Fund Corporation ("**NOHFC**")

And to: South Temiskaming Community Futures Development Corporation / Societe D'Aide Au Developpements Des Collectivites Du Temiskaming Sud ("**South Temiskaming Fund**")

And to: Temiskaming Development Fund Corporation ("**Temiskaming Fund**")

Reference is made to:

A. the Intercreditor Agreement made as of December 9, 2013 among 1793082 Ontario Ltd. (o/a "K.D. Quality Pellets"), NOHFC, South Temiskaming Fund, Temiskaming Fund and the Bank (the "**Intercreditor Agreement**"); and

B. the Assignment of Indebtedness and Security Agreement made October 11, 2017 between the Bank, BioNorth Technology Holding Corporation ("BioNorth"), 1793082 Ontario Ltd. and the Guarantors listed on the signature pages thereto (the "**Assignment Agreement**").

Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Intercreditor Agreement.

This Acknowledgment and Confirmation is provided in accordance with Section 6 of the Intercreditor Agreement.

Pursuant to the Assignment Agreement, the RBC Security (among other things) is assigned to BioNorth. This Acknowledgement and Confirmation is provided in connection with the Assignment Agreement.

BioNorth hereby acknowledges, confirms and agrees that BioNorth will be bound by the provisions of the Intercreditor Agreement and that the Intercreditor Agreement shall apply to both financing advanced prior to and subsequent to the date of the assignment of the RBC Security.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

In witness whereof, this Acknowledgement and Confirmation is executed this 11th day of October, 2017.

BIONORTH TECHNOLOGY HOLDING CORPORATION

Per:

Name: Frank Benincasa

Title: President

TAB: N

ALBERT GELMAN

November 1, 2018

Temiskaming Development Fund Corp.
74C Scott Street, Box 1810
New Liskeard, ON P0J 1P0

Attention: Lorne Hillcoat, Business Development Coordinator

Dear Sirs:

Re: 1793082 Ontario Ltd. o/a KD Quality Pellets

We are writing to set out our report and recommendation in relation to the loan obligations owed to you by 1793082 Ontario Ltd. o/a KD Quality Pellets (the "**Debtor**" or the "**Company**").

ENGAGEMENT

Albert Gelman Inc. ("**AGI**") was appointed as a consultant to Temiskaming Development Fund Corporation ("**TemFund**") on October 1, 2018 for the following purpose:

1. Carry out such review and inspection of the Debtor's premises, books and records as is necessary to advise TemFund with respect to the business and operational and financial performance of the Debtor;

2. Inspect, review and estimate, with the aid of appraisers, if necessary, the realizable value of the Debtor's assets including equipment, inventory and accounts receivable;

3. Determine other claims which may rank in priority to TemFunds's claims against the Debtor as well as any other liens which encumber the Debtor's assets;

4. Consult with other stakeholders of Debtor's business such as, creditors, suppliers, customers, investors and others who have an interest in the Debtor's business for the purpose of obtaining information required to complete the engagement herein;

5. Advise, assist or represent TemFund, as required, in formulating, negotiating and completing any agreement that the TemFund may wish to enter into with the Debtor with regard to the Debtor's indebtedness; and

Albert Gelman Inc. – 100 Simcoe Street, Ste. 125, Toronto, ON M5H 3G2 – Tel: 416 504 1650 – Fax: 416 504 1655 – albertgelman.com

6. Perform such other duties, as required by TemFund, which are relevant to this engagement.

SCOPE AND TERMS OF REFERENCE

In preparing this report AGI has relied upon certain unaudited financial information, certain of the Company's books and records made available to us, discussions with Mr. Kenneth Doupe, and discussions with representatives of TemFund, including their legal counsel, Mr. Daniel Perlin.

While AGI has reviewed various documents provided to it, such review does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("GAAP") or International Financial Reporting Standards ("IFRS") or otherwise. Accordingly, AGI expresses no opinion or other form of assurance pursuant to GAAP or IFRS or otherwise with respect to such information except as expressly stated herein.

COMPANY BACKGROUND

The Company commenced business to manufacture industrial and home heating wood pellets for the production of renewable biomass-derived electrical and heat energy.

Its business operations commenced in late 2013. However, it ceased operating and has been maintained in a "mothballed" state since January 2016.

The Company's historical revenues, as reported on its HST returns, totalled approximately $2.6 million in 2014 and $1.2 million in 2015. Revenues for both of those years were far less than forecast in the Company's original business plans of approximately $6.5 million per year.

ASSETS

<u>Accounts Receivable</u>

The Company's accounts receivable ledger, provided to us by TemFund, indicates that the Company remains owed approximately $200,000 in respect of its accounts receivable. The majority of the receivables are due from Wentworth Corp for sales of product to them during 2015.

Mr. Doupe advised AGI that none of the amounts owing by Wentworth, or any other customer, are likely to be collected.

Equipment

It is our understanding that the capital cost to purchase and install the operating equipment was approximately $5 million. We were not provided with financial statements by the Company to verify the actual capital cost of the equipment.

We have not commissioned an appraisal of the equipment for this report and therefore do not provide any estimate as to the potential realizable value of the equipment.

An appraisal of the equipment, once conducted, is likely to range in value significantly, depending upon whether the equipment can be sold en bloc, together with the real estate, as a partially turnkey facility, or otherwise sold by public sale and removed from the premises.

Real Estate

The land was purchased and the building was constructed by the Company specifically for the purposes of manufacturing wood pellets.

We have not commissioned an independent appraisal of the land and building for our report.

Similar to the equipment, an appraisal of the land and building is likely to range in value significantly depending upon whether the premises is sold for its highest and best use as a wood pellet manufacturing plant, or is otherwise sold as a vacant premises for a secondary use.

LIABILITIES

Secured Creditors

Set out below is a listing of creditors with a secured interest in the Company's personal property (that is, its equipment and other moveable property), as summarized for us by TemFund from their PPSA registry search.

DATE OF REGISTRATION	NAME
20120515	Temiskaming Development Fund Corp.
20120724	STCFDC
20120914	NOHFC
20121109	Temiskaming Development Fund Corp.
20130614	Caterpillar Financial Services Ltd.
20131205	Royal Bank of Canada/BioNorth
20131209	Royal Bank of Canada/ BioNorth
20131209	Royal Bank of Canada/BioNorth
20131211	Bodkin Capital Corp.
20140319	KLAD Rentals/Axiom Leasing Inc.
20150202	Jules Roy/Valerie Chort
20150205	RJM Inc./Sarj Equipment Corp.

20150601	Manoj Shivnani
20150601	Robert Fedrock
20150601	Sachin Mahajan
20150601	Zinayida Subota
20151130	1000728 Ontario Ltd. o/a Baron Finance

We were not provided with records to determine or confirm the amounts owing to each of the above listed secured creditors. However, we understand that TemFund has reasonable knowledge of the amounts that are owing to each.

It is relevant to note that our own PPSA search conducted on October 11, 2018 did not list Manoj Shivnani, Robert Fedrock, Sachin Mahajan and Zinayida Subota. It is our assumption that their respective registrations have recently expired.

We are advised that the ranking of TemFund's security is as follows:

1. First place against the land and building on a *pari passu* basis with both STCFDC and NOHFC pursuant to an inter-creditor agreement executed on December 9, 2013; and

2. Second place on all personal property (including equipment), subordinate only to Bionorth who assumed Royal Bank of Canada's debt and security, again on a *pari passu* basis with STCFDC and NOHFC.

We have not engaged independent legal counsel to confirm the above noted priority of TemFund's security vis-a-vis the other secured creditors in respect of either the real property or personal property.

We are also advised by TemFund that realty taxes are owing of approximately $40,000 to $50,000 against the real property, which will rank in priority to TemFund and all other creditors registered against the real estate.

Unsecured Creditors

Set out below are the amounts owing to unsecured creditors having debts in excess of $10,000, based upon the accounts payable report provided to us by TemFund:

Evans, Bragnola & Sullivans L.L.P.	178,781
Grant Thornton	103,170
Miller Paving Northern	73,402
Laurin Diesel *	52,444
Fiset Management Jnc.	44,005
Stikeman Elliott	38,574
Brownlee Equipment	35,314
Packard Plumbing	23,747
Hearn Construction	23,534
Earlton Country Store	18,321
Quantum Xpress	16,809
LongShot Diamond Dilling Ltd.	15,752
Mettler-Toledo Inc.	15,151
Dave Visser	15,087
Gro-Bark	14,492
E.T. Engineering Inc	11,809
Direct Replacement Parts	11,513
CO-operative Regionale Tern Ag Center	10,789

The listing of unsecured creditors contains approximately 50 creditors and totals approximately $800,000.

Claims of Canada Revenue Agency ("CRA"):

Based upon our review of records available to us and our discussions with Mr. Doupe, the Company appears to be in arrears of HST of approximately $200,000 as at January, 2016 and of payroll source deductions of approximately $250,000 as at March, 2017. The amounts owing to CRA by the Company continue to accrue interest at the CRA's legally prescribed rate.

The amount owing for HST is based upon an HST assessment included in the records provided to us by Mr. Doupe from the Company's HST files. The records available to us do not set out the reasons for or the basis of the HST assessment. In fact, our review of all of the Company's HST returns from 2013 through 2017 indicates that the Company has always been in an HST refund position. The HST refunds were paid to the Company by CRA until September, 2014, after which time CRA began applying the refunds towards the payroll deduction arrears.

Both the HST and payroll deduction arrears will rank in first priority, ahead of Bionorth and TemFund against all personal property (i.e equipment, inventory and accounts receivable), but should rank subordinate to TemFund against the real property.

HST can usually be subordinated to an unsecured claim if the Company is placed into formal bankruptcy or otherwise files a formal Proposal to its creditors under the Bankruptcy and Insolvency Act prior to any distribution being made by a Receiver/Trustee.

We caution TemFund that the ultimate liability of the Company to CRA for HST and payroll deductions is unlikely to be known with certainty until after CRA conducts an audit on the Company's records.

FUTURE PROSPECTS

The Company has been inoperative and in a mothballed state since the beginning of 2016.

Based upon our discussions with TemFund and Mr. Doupe, it is generally agreed that the Company will not be able to produce sufficient quantities of saleable wood pellets without the purchase of a commercial dryer, at an estimated capital cost in excess of $3 million.

In order for the Company to recommence operations and carry on a potentially viable business we estimate it will require either additional financing, subordinate to all existing secured creditors (unless secured creditors consent to new financing having priority to them) or a capital injection sufficient to address the following:

1. Immediate repayment of debts to owing CRA (totalling approximately $450,000 - subject to CRA verification through audit). The CRA debts will continue to rank in first priority against all personal property and will also rank in priority to any new funding provided to the Company;

2. A repayment proposal acceptable to TemFund, STCFDC, NOHFC and BioNorth in relation to the secured obligations owing to each of them.

3. A repayment proposal acceptable to all other secured creditors of the Company;

4. A reasonable repayment proposal for the settlement of the Company's unsecured debts.

5. Sufficient working capital to recommission the plant, replace certain equipment and rolling stock and to fund the start-up costs and initial turnaround losses; and

6. Sufficient capital to purchase a commercial dryer with an estimated cost of $3 million.

Based upon our discussions with TemFund, no viable proposal has been tabled to date that can address the above matters satisfactorily.

OPTIONS AVAILABLE TO TEMFUND

In our opinion, set out below are the options available to TemFund to address a repayment of the monies owed to it by the Company.

1. Wait for the Company to put forward a viable proposal to repay their debt;

2. Wait for a subordinate creditor to make an offer to TemFund to either purchase or take an assignment of its security position;

3. Apply to the Court for the appointment of a Receiver to take control of the assets of the Company and realize upon the assets for the purpose of repaying the indebtedness owing to TemFund.

RECOMMENDATION

As discussed above, the Company has been inoperative for almost three years. To date, the Company has not put forward a viable proposal which would see it resume operations. Further, neither the Company nor BioNorth nor any other party have made a viable proposal to TemFund vis-à-vis the repayment of the secured indebtedness of TemFund.

The Company has no cash flow to fund the plants ongoing carrying costs as needed to ensure the plant and premises are maintained and preserved. In fact, we are advised by Mr. Douple that the insurance policies of the Company have been cancelled for non-payment and we are also advised by TemFund that the utilities are in significant arrears and at risk of being terminated by the utility company.

It is our recommendation that TemFund commence an action for the appointment of a Receiver by the Court forthwith, either in conjunction with or with the consent of STCFDC and NOHFC pursuant to the intercreditor agreement.

PLAN OF ACTON - COURT RECEIVER

In the event a Receiver is appointed by the Court, its mandate will most likely encompass all of the following:

1. Possession and security of the premises and assets of the Company;
2. Continuation of the utilities and all other essential services to the Company;
3. Reinstatement of an insurance policy in respect of the premises and the assets;
4. Commencement of a Phase I environmental assessment of the real property;
5. Appraisal of real property and equipment;
6. Development of a marketing and sales plan for the assets of the Company for approval of the Court;
7. An assignment of the Company into bankruptcy, either on application to the Court or on the application of TemFund, so as to subordinate any arrears owing for HST to an unsecured claim; and,

8. Recommendation to the Court of a final distribution of the proceeds from the Receivership in accordance with the relative priorities of the various secured creditors.

The appointment of a Receiver by the Court will also need to include a standard provision for the Receiver to obtain funding, ranking in priority to all creditors, in order to fund the costs to administer the receivership pending the realization of the assets.

Based upon our knowledge garnered to date, we recommend a provision for priority funding be obtained of $250,000 and that TemFund and/or other secured creditors be in a position to advance at least $100,000 at the outset of the receivership.

Yours very truly,

Albert Gelman Inc.
Per:

Joe Albert, CPA, Licensed Insolvency Trustee

TAB: O

GUARDIAN
LEGAL
CONSULTANTS LLP

133 RICHMOND STREET WEST, SUITE 200
TORONTO, ONTARIO, CANADA M5H 2L3
T: 647.499.4307 — F: 647.499.4307

December 11, 2018

VIA COURIER
VIA EMAIL

1793082 Ontario Ltd.
o/a K.D. Quality Pellets
999582 Highway 11 North
R.R. #2,
New Liskeard, Ontario
P0J 1P0

Attention: Kenneth Doupe

Dear Sir:

Re: Loan with Temiskaming Development Fund Corporation

We are the solicitors for Temiskaming Development Fund Corporation ("**Temfund**") in connection with the loans and accounts of 1793082 Ltd. (the "**Company**") with Temfund.

The Company is currently indebted to Temfund in respect of a term credit loan and special (bridge) loan (the "**Loan**") made available by Temfund to the Company, pursuant to the terms of a loan agreement dated May 15, 2012, and a special (bridge) loan agreement dated November 26, 2014, between the Company and Temfund (the "**Loan Agreement**"). The present balance outstanding on the Loan as of December 6, 2018 is $634,044.81 comprised as follows:

Principal (term credit loan):	$400,000
Interest:	$51,559.92
Principal (special bridge loan):	$150,000
Interest:	$32,484.89

Furthermore, Temfund has, as holder of a mortgage in accordance with the Loan Agreement, advanced additional funds in furtherance of the Loan, which have been paid to to the Township of Harley towards property taxes in arrears by the Company, in the amount of $107,378.90 comprised as follows:

Principal (Property tax arrears):	$97,737.38
Interest:	$9,641.52

As such, the total amount that the Company is indebted to Temfund (prior to and exclusive of any legal and professional fees and costs incurred by Temfund in connection with this matter) is $741,423.71.

As a result of concerns which Temfund has regarding the Company and its current financial position, Temfund has instructed us to demand payment of all amounts owing by the Company to Temfund on the Loan.

On behalf of Temfund, we hereby demand payment of the Loan. All amounts owing on the Loan and must be repaid in full by the close of business on December 21, 2018.

The balance owing on the Loan will fluctuate with deposits made by the Company, cheques (if any) honoured by Temfund, and further interest which accrues to the date of payment. This letter constitutes a demand for payment of the ultimate balance owing on the Loan, as well as all legal and other professional fees and costs incurred by Temfund in connection with this matter.

Under the terms and provisions of the Loan Agreement, the Company has provided Temfund with a continuing collateral security. Therefore, unless the amounts owing to Temfund are repaid as demanded, Temfund will take steps to exercise its rights and remedies under that security. In that regard, enclosed with this letter is a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*, which is hereby being served upon the Company.

Yours truly,

GUARDIAN LEGAL CONSULTANTS LLP

Daniel Perlin
647.983.3310
dperlin@guardianlc.com
/Encl.

TAB: P

EVANS
BRAGAGNOLO
& SULLIVAN LLP

Full Service
Legal excellence.

Northern values.

Ted Tichinoff
Paul Bragagnolo
Thomas Mann
Fran Stefanic
Brigid Wilkinson
Amélie Pelletier
Nina Chong
Danica Francis
Jeremy Fisher

Associated as Counsel
Theodore Byck
Lisa Neil

☑ Reply to
Timmins Office
120 Pine Street South
Timmins, ON P4N 2K4
Phone: 1-705-264-1285
Fax: 1-705-264-7424
Real Estate Fax:
1-705-264-1175

☐ Reply to
Haileybury Office
488 Ferguson Ave,
P.O. Box 490
Haileybury, ON P0J 1K0
Phone: 1-705-672-3338
Fax: 1-705-672-2451

☐ Reply to
Cochrane Office
113A Third Street West
Cochrane, ON P0L 1C0
Phone: 1-705-272-4205
Fax: 1-705-272-3467

www.EBSLAWYERS.com

December 19, 2018

VIA EMAIL (dperlin@guardianlc.com)

Guardian Legal Consultants
133 Richmond Street W
Suite 200
Toronto, ON M5N 2L3

Attention: Daniel Perlin

Dear Sir:

RE: KD PELLETS

Please be advised that I am legal counsel to KD Quality Pallets.

My client has received your Demand for Payment, dated December 11th, 2018. I am writing to advise you that my client has financing available that will lead to payment of monies owed under your Demand, either in one lump sum or, as we would prefer, with payments over time. We have already provided you with an offer for payment which would have seen the mill return to operation in the short term, engage local workers and stimulate the local economy. Our understanding is that the board has rejected that proposal for the startup of the plant and repayment over time.

That proposal had merit for both the community and the future of this project. It would have allowed us to use our funds to purchase new equipment and operate the plant rather than pay debt. However, if the board insists on its debt being paid and that is the only option, then we will proceed to make arrangements for payment of the debt.

Today is December 19th and we are on the cusp of the Christmas break. Obviously, we need some time to finalize the amount owing (we have concerns of the demand for the municipal taxes paid) and once an agreement as to repayment is in place to finalize the financing we have available to us.

In ordinary circumstances we would require at least 30 days to accomplish this. However, with the Christmas break intervening we would suggest that at a minimum 50 days will be required to make an agreement as to what is owing and then to make arrangements for repayment and to put in place the financing available to us to facilitate the repayment.

Could you please confirm receipt of this letter and could you also please confirm that the time table we have suggested, and that you will not take any action until we have had a reasonable opportunity to make arrangements for payment.

Yours very truly,

EVANS, BRAGAGNOLO & SULLIVAN LLP

TED TICHINOFF

TET:ca

Email: ttichinoff@ebslawyers.com

TAB: Q

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN

TEMISKAMING DEVELOPMENT FUND CORPORATION,
Applicant

\- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS
Respondent

Application under Section 243(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c.B-3, as amended and Section 101 of the *Courts of Justice Act* R.S.O. 1990, c. C.43, as amended

CONSENT TO ACT

We, Grant Thornton Limited, hereby consent to our being appointed Receiver, without security, of all of the assets, undertakings, and properties of the Respondent under the terms of an Order which will be sought from the Honourable Court in this action.

Dated this 20th day of December, 2018

GRANT THORNTON LIMITED
Per:

As proposed Receiver and not in any other corporate or personal capacity

TAB: R

South Temiskaming Sud
Community Futures Development Corporation
Société d'aide au développement des collectivités

Motion Form

Date: December 7, 2018

No: 2018-12-07-08-IRC

Moved by: R. Rung

Seconded by: Wm Whaley

WHEREAS the STCFDC, Temfund, and the NOHFC are signatories to an Intercreditor Agreement dated December 9, 2013 that establishes the indebtedness and relative priority on security held by the creditors of 1793082 Ontario Ltd o/a KD Quality Pellets;

AND WHEREAS security held by STCFDC, Temfund, and the NOHFC ranks on a shared pari passu priority basis;

AND WHEREAS the STCFDC has received a copy of the Albert – Gelman Report dated November 1, 2018, commissioned by Temfund to conduct an independent third-party review and recommend viable options available to secured creditors to address the repayment of debts owed by KD Quality Pellets - a non-performing loan client of the STCFDC, Temfund and the NOHFC;

AND WHEREAS KD Quality Pellets nor any other party has submitted to date a viable proposal acceptable to creditors for the restructuring of KD Quality Pellet operations and/or the repayment of the secured indebtedness owing to STCFDC, Temfund, and the NOHFC;

AND WHEREAS the Albert-Gelman Report recommends commencement of action for the appointment of a Receiver by the Court;

AND WHEREAS Temfund has advised that they are prepared to proceed with an application for the appointment of Grant Thornton LLP as Receiver by the Court and request STCFDC's support and consent to do so;

South Temiskaming Sud
Community Futures Development Corporation
Société d'aide au développement des collectivités

"BE IT RESOLVED THAT the STCFDC Investment Review Committee hereby consents to a Temfund application for the appointment of Grant Thornton LLP as Receiver by the Court for 1793082 Ontario Ltd. o/a KD Quality Pellets."

Carried:____________ Defeated:____________ Tabled:____________

Signature

467, avenue Ferguson Avenue, P.O. Box / C.P. 339, Haileybury, ON, P0J 1K0
Tel / Tél: (705) 672-3021 Fax: (705) 672-5959
Email: info@southtemiskaming.com ◆ http\\www.southtemiskaming.com

TAB: S

Court File No:

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

B E T W E E N:

TEMISKAMING DEVELOPMENT FUND CORPORATION,

Applicant

- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

REPORT OF GRANT THORNTON LIMITED, THE PROPOSED RECEIVER

January 7, 2019

GrantThornton

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario
M5H 3T4

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January 7, 2018

INTRODUCTION AND PURPOSE OF THIS REPORT

1. This report (the "**Proposed Receiver's Report**") is filed in connection with an application made to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") by Temiskaming Development Fund Corporation. ("**Temfund**") seeking an order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act (Canada)* (the "**BIA**") and section 101 of the *Courts of Justice Act (Ontario)* (the "**CJA**") appointing Grant Thornton Limited ("**GTL**") as the receiver (the "**Proposed Receiver**") over all of the assets, property and

undertaking of 1793082 Ontario Ltd., o/a K.D. Quality Pellets ("**KD Pellets**" or the "**Company**"), substantially in the form included in Temfund's application record (the "**Appointment Order**").

2. The purpose of this Proposed Receiver's Report is to seek the approval of a sale process should the Appointment Order be granted.

SCOPE AND TERMS OF REFERENCE

3. Certain information contained in this Proposed Receiver's Report has been obtained from the records of the Company, publicly available information, and/or is based upon discussions with, and representations made by, other creditors of the Company and professional advisors retained in this matter. The information has not been audited by the Proposed Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally acceptable accounting principles and the reader is therefore cautioned that this Proposed Receiver's Report may not disclose all significant matters about the Company.

4. This Proposed Receiver's Report has been prepared for the use of this Court and the Companies' stakeholders as general information relating to the Company and to assist the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that this Proposed Receiver's Report may not be appropriate for any other purpose. The Proposed Receiver assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction or use of this Proposed Receiver's Report. Any use that a party makes of this Proposed Receiver's Report, or any reliance on or decisions to be made based on it, is the responsibility of such party.

5. A copy of this Proposed Receiver's Report and other relevant documents with respect to these proceedings will be made available on the Proposed Receiver's website at: www.GrantThornton.ca/kdqp, if appointed.

6. Capitalized terms not defined in this Proposed Receiver's Report have the meanings ascribed to them in the application record filed by Temfund.

7. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

8. The Company's business is in the manufacture and wholesale of wood pellets, which are sold to commercial and residential customers for heat and power generation. The Company operated from a Company-owned facility in New Liskeard, Ontario. The Proposed Receiver understands that the Company has not been operating for some time, has little to no active employees and significant debts relative to the size of the business and asset values.

9. The Proposed Receiver, if appointed, would seek to implement an immediate sale process so as to reduce the amount of time before a sale transaction could be completed and in order to make distributions to creditors with proven claims pursuant to the legal priority of claims. In addition, the Proposed Receiver understands that there may be challenges with respect to current insurance coverage and utility services. A further reason to consider approving a sale process would be to take advantage of any Court appearances and reduce the overall administrative costs of a receivership proceeding.

PROPOSED SALE PROCESS

10. Pursuant to the Appointment Order, the Proposed Receiver (if appointed, the "**Receiver**") would be authorized to, among other things, market and sell the Property (as defined

herein) of the Company. In an effort to manage time and costs, the Proposed Receiver is seeking approval of its proposed sale process ("**Sale Process**") at the same time as the Appointment Order, if granted.

11. The proposed Sale Process has been designed to market the Company's right, title and interest, if any, in the inventory, manufacturing equipment, warehouse equipment, real property, books and records, and intellectual property including any Company owned patents, web site, and customer lists, among other things (collectively, the "**Property**"). The Receiver's objective would be to seek a buyer who will consider operating the business as a turnkey investment opportunity as opposed to a liquidation of the equipment assets, where possible. In the Proposed Receiver's view, this would provide for the highest value and recovery to the Company's creditors.

12. In summary, the proposed Sale Process would be a public sale and will be conducted in the following manner:

    (a) The Property will be marketed for sale on an "as is, where is" basis.

    (b) The Receiver shall be under no obligation to accept the highest or best offer and the acceptance of any offer shall be in the discretion of the Receiver however the Receiver may consult with the Company's senior secured creditors.

    (c) The Receiver may, in its discretion, extend the deadline for offers if it considers it to be appropriate or necessary in the circumstances.

    (d) Offers must be accompanied with a deposit equal to at least 10% of the offer price.

    (e) If deemed appropriate, the Receiver may prepare a form of an agreement of purchase and sale (the "**APS**") to be used by all prospective bidders. Bidders will then be able to submit their offers in the form of the APS and be able to provide a blackline to the APS with any proposed changes or conditions.

(f) The final sale agreement will be subject to Court approval.

Phase 1: Preparation – Time Frame: 1-2 weeks

13. During Phase 1 the Receiver will:

(a) Finalize its review and assessment of the Company's Property for the purposes of preparing an information memorandum for prospective purchasers.

(b) Prepare a form of solicitation letter or email summarizing the Sale Process and soliciting parties to express their interest in same.

(c) Prepare a form of non-disclosure agreement (the "**NDA**") to be executed in order to obtain information that is not included in the information memorandum and to further participate in the Sale Process.

(d) Prepare a data room, if deemed appropriate, (the "**Data Room**") containing, among other things, financial information, any relevant agreements, customer information, real property information, and any other information to be shared with prospective purchasers subsequent to receiving an executed NDA.

(e) Identify and prepare a list of potential purchasers for the Company's Property ("**Potential Purchasers**").

Phase 2: Marketing – Time Frame: 4-6 weeks

14. During Phase 2 the Receiver will:

(a) Circulate the solicitation Letter/email and NDA to the Potential Purchasers where such Potential Purchasers will include both regional and national buyers. The solicitation letter may indicate that offers which provide for the continued operation of the Company's Property at its current premises will be viewed as a positive term within their offer.

(b) Directly communicate with industry participants who have expressed an interest in or who the Receiver believes may have an interest in the Company's Property/operations.

(c) Advertise the sale of the Company's Property in a Canadian national newspaper.

(d) Allow any Potential Purchasers who execute the NDA to access the Data Room.

(e) Coordinate site visits for Potential Purchasers to inspect the Property and facilitate Potential Purchaser's due diligence generally.

(f) Maintain the Data Room.

(g) Collect offers from Potential Purchasers by a bid deadline date (which will be set upon the completion of Phase I but will at a minimum provide for at least a 30 day due diligence period from when the first solicitation letters are sent to Prospective Purchasers.

<u>Phase 3: Entering into APA – Time Frame: 2-3 weeks</u>

15. During Phase 3 the Receiver will:

(a) Review all offers submitted in Phase 2 and, where appropriate, discuss the results of the initial sale process with the senior secured creditors of the Company.

(b) The Receiver may ask some or all of the offerors to re-submit offers for subsequent rounds of offers. In such a case, the Receiver will, where appropriate, discuss the results of the sale process with the senior secured creditors of the Company.

(c) The receiver will select the offer that represents the best offer and will negotiate the terms of a final sale agreement which will be subject to Court approval.

(d) Once a sale agreement is approved by the Court, the Receiver will work to efficiently close the transaction as soon as possible and based on the terms of the sale agreement.

16. It is likely that the Receiver will not be operating the Company's business and as a result, a longer sale process my not provide for any greater net recovery to the Company's creditors.

17. The Proposed Receiver has shared its proposed Sale Process with Temfund who is supportive of the Sale Process steps and timeline.

18. The Proposed Receiver has engaged Cassels Brock and Blackwell LLP ("**Cassels**") as its independent counsel, and if appointed as receiver, Cassels will provide an independent opinion on the validity of the security of any of the senior secured creditors who will receive a portion of the net sale proceeds.

CONCLUSION AND RECOMMENDATION

19. The Proposed Receiver respectively requests that this Court approve of the Sale Process as set out in this Proposed Receiver's Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 7th day of January, 2019.

GRANT THORNTON LIMITED,
solely as the proposed receiver of the Respondent and not in its personal or corporate capacity

Per: ______________________
Dan Wootton, CIRP, LIT
Senior Vice-President

APPENDIX 1

Court File No.

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B E T W E E N

TEMISKAMING DEVELOPMENT FUND CORPORATION,
Applicant

- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS
Respondent

Application under Section 243(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c.B-3, as amended and Section 101 of the *Courts of Justice Act* R.S.O. 1990, c. C.43, as amended

CONSENT TO ACT

We, Grant Thornton Limited, hereby consent to our being appointed Receiver, without security, of all of the assets, undertakings, and properties of the Respondent under the terms of an Order which will be sought from the Honourable Court in this action.

Dated this 20th day of December, 2018

GRANT THORNTON LIMITED
Per:

As proposed Receiver and not in any other corporate or personal capacity

TEMISKAMING DEVELOPMENT FUND CORPORATION
Applicant

and

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS
Respondent

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PROCEEDING COMMENCED AT
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REPORT OF GRANT THORNTON LIMITED,
THE PROPOSED RECEIVER

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TEMISKAMING DEVELOPMENT FUND CORPORATION and 1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS
Applicant Respondent

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