Court File No.: CV-24-00720368-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

- and -

MILESTONE GRANITE & MARBLE LTD.

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

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APPLICATION RECORD OF MILESTONE DISTRIBUTION 2024 LTD.
(Returnable June 12, 2024 at 11:00am via videoconference)

June 3, 2024

LOOPSTRA NIXON LLP
130 Adelaide St., W., Suite 2800
Toronto, ON M5H 3P5

R. Graham Phoenix (LSO No.: 52650N)
Tel: (416) 748-4776
Fax: (416) 746-8319
Email: gphoenix@LN.law

Shahrzad Hamraz (LSO No.: 85218H)
Tel: (416) 748-5116
Fax: (416) 746-8319
Email: shamraz@LN.law

Counsel for the Applicant

TO: THE ATTACHED SERVICE LIST

SERVICE LIST
(as of June 3, 2024)

TO: **LOOPSTRA NIXON LLP**
130 Adelaide St. W., Suite 2800
Toronto, ON M5H 3P5

R. Graham Phoenix
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Shahrzad Hamraz
Tel: (416) 748-5116
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Counsel to the Applicant, Milestone Distribution 2024 Ltd.

AND TO: **MILESTONE DISTRIBUTION 2024 LTD.**
8181 Jane St., Unit #2
Concord, ON L4K 5P2

Applicant

AND TO: **MILESTONE GRANITE & MARBLE LTD.**
8181 Jane St., Unit #2
Concord, ON L4K 5P2

Laura Moscone
Tel: (905) 660-6611
Email: Sales101@milestonemarble.com

Respondent

AND TO: **ALBERT GELMAN INC.**
250 Ferrand Dr., Suite 403
Toronto, ON M3C 3G8

Adam Zeldin
Tel: (416) 504-1650 ext. 129
Email: azeldin@albertgelman.com

Proposed Receiver

AND TO: **RECONSTRUCT LLP**
120 Adelaide St., W., Suite 2500
Toronto, ON M5H 1T1

Caitlin Fell
Tel: (416) 613-8282
Email: cfell@reconllp.com

Counsel to Proposed Receiver

AND TO: **CANADA REVENUE AGENCY**
c/o Department of Justice
Ontario Regional Office
120 Adelaide St. W., Suite 400
Toronto, ON M5H 1T1

Rakhee Bhandari
Tel: (416) 952-8563
Email: rakhee.bhandari@justice.gc.ca

Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca

AND TO: **HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTRY OF FINANCE**
Revenue Collections Branch – Insolvency Unit
33 King St. W., P.O. Box 627
Oshawa, ON L1H 8H5

Email: insolvency.unit@ontario.ca

Courtesy copy to

BASENTANA HOLDINGS LTD.
8830 Jane St., 2nd floor
Vaughan, ON L4K 2M9

Anthony Marrese
Email: anthony@mosconemarble.com

EMAIL SERVICE LIST

gphoenix@LN.law; shamraz@LN.law; Sales101@milestonemarble.com; azeldin@albertgelman.com; cfell@reconllp.com; rakhee.bhandari@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca insolvency.unit@ontario.ca; anthony@mosconemarble.com

Court File No.: CV-24-00720368-00CL

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

MILESTONE DISTRIBUTION 2024 LTD.

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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

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INDEX

TAB 1

Court File No. ____________________________

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

- and -

MILESTONE GRANITE & MARBLE LTD.

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

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

☐ In person

☐ By telephone conference

☒ By video conference

on__________________________________ at 330 University Avenue, Toronto, Ontario, with video conference details to be provided in advance of the hearing.

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 four 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	May 14, 2024	Issued by	
			Local Registrar
		Address of Court Office	330 University Avenue Toronto, ON M5G 1R7

TO: **MILESTONE GRANITE & MARBLE LTD.**
8181 Jane Street Unit #2,
Concord, Ontario
L4K 5P2

APPLICATION

1. The applicant, Milestone Distribution 2024 Ltd. (the "**Applicant**"), makes an application for:

   (a) an Order, substantially in the form attached hereto as **Schedule "A"**, including, *inter alia*:

      i. if necessary, abridging the time for service and filing of this notice of application and the application record or, in the alternative, dispensing with service on any person other than those served; and

      ii. appointing Albert Gelman Inc. ("**Albert Gelman**") as receiver (in such capacity, the "**Receiver**") of all of the assets, undertakings and properties of the respondent, Milestone Marble & Granite Ltd. (the "**Debtor**"), pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**");

      iii. approving the Stalking Horse Offer and the Sale Process (*each, as defined herein*); and

   (b) such further and other relief as counsel may advise and this Court may permit.

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

   The Parties

   (a) the Debtor is a corporation incorporated under the laws of the Province of Ontario with its registered office in Concord, Ontario;

   (b) the Applicant is a corporation incorporated under the laws of the Province of Ontario with its registered office in Concord, Ontario.

Background

(c) the Debtor is an importer and supplier of exotic stone (the "**Business**"), a family business founded by Frank Arlotta ("**Frank**") and operated by Frank and Laura Moscone ("**Laura**");

(d) the Debtor is experiencing financial distress due to familial conflicts between the shareholders, coupled with the residual pressures of COVID and related market challenges;

Debt & Security

(e) the Debtor entered into promissory notes Group of Six Enterprises Ltd. on May 3 2023 ("**Group of Six**"), Laura on May 3, 2023; and, Falcon Enterprises Ltd. on August 30, 2019 ("**Falcon**"; and, together with Group of Six and Laura, the "**Assignors**);

(f) as security for the indebtedness, obligations and liabilities owed by the Debtor, the Debtor granted, *inter alia*, the following security documents in favour of the Assignors:

i. a General Security Agreement dated May 3, 2023 in favour of Group of Six;

ii. a General Security Agreement dated May 3, 2023 in favour of Laura; and

iii. a General Security Agreement dated August 30, 2019 in favour of Falcon;

(g) pursuant to each General Security Agreement, in the event of default, the secured party is entitled to, *inter alia*, make an application to the court of competent jurisdiction for an order appointing a receiver all of the assets, undertakings and properties of the Debtor;

Assignment of Debt & Security

(h) pursuant to three assignment agreements executed February 29, 2024, the Applicant took an assignment of the indebtedness and security of the Debtor owing to each of the Assignors;

Demand

(i) On March 25, 2024, the Applicant made formal demand for payment of the indebtedness – at that time totaling $906,881.58 for principal, interest and fees owed by the Debtor - and the Debtor was given until April 5, 2024 to pay the full outstanding balance;

(j) the Debtor has not issued any payment in respect of retiring the debt;

(k) as at May 8, 2024 the secured indebtedness owing to the Applicant, as assignee, is $914,724.94, plus interest and costs continuing to accrue (the "**Indebtedness**");

Just and Convenient to Appoint a Receiver

(l) the Debtor is in default of its obligations to the Applicant, as the assignee of the Indebtedness and security; has failed to make any payment on account of its indebtedness to the Applicant; and is not in a financial position to make payment on account of its indebtedness;

(m) the appointment of a receiver is necessary and appropriate as it addresses the financial constraints of the Debtor and will allow the Business to be marketed for sale for the benefit of all stakeholders;

The Stalking Horse Offer and The Sale Process

A. Stalking Horse Offer

(n) the Applicant has submitted and seeks the Court's approval of a stalking horse offer to acquire the assets, properties and undertakings of the Debtor (the "**Stalking Horse Offer**"), the salient points of which are as follows:

i. the Applicant is to acquire all assets and undertakings of the Debtor on an "as is, where is" basis;

ii. the Applicant shall assume all obligations to the Business Development Bank of Canada;

iii. the Applicant shall assume the lease of the Debtor's warehouse and office space;

iv. the Applicant shall assume all employees;

v. the Applicant shall credit bid all of its secured debt;

vi. the purchase price is estimated to be $1,100,000, comprising (i) the secured debt, (ii) the administrative costs of these proceedings and (iii) any priority payables; and

vii. the transaction will close expeditiously after Court approval.

(o) no break fee is sought in connection with the purchase, and only a cost reimbursement of $15,000 (the "**Cost Reimbursement**") is sought in the event the Applicant is not the winning bidder;

(p) the Applicant seeks approval of the Stalking Horse Offer and the following sales process.

B. <u>Sales Process</u>

(q) the Applicant, in consultation with the proposed Receiver has developed a detailed stalking horse sale process (the "**Sale Process**");

(r) the following is a summary of the proposed Sale Process:

i. the Sale Process shall commence immediately following Court Approval of the Stalking Horse Offer and the Sale Process;

ii. the Sale Process will solicit offers for all assets and undertakings of the Debtor on terms better than the Stalking Horse Offer;

iii. the Sale Process will be administered by the Receiver (independent of the Applicant);

iv. the Receiver, in consultation with the Applicant, will identify potentially interested parties;

v. a "teaser" will go out to all such potentially interested parties and anyone requesting the same;

vi. the opportunity shall also be advertised in such forums as the Receiver deems appropriate;

vii. any party executing a non-disclosure and confidentiality agreement will be invited to review a virtual data room including the salient details of the business and assets of the Debtor;

viii. binding offers will be required by thirty-five (35) days after the Court approval of the Sale Process (the "**Bid Deadline**");

ix. all offers must be on an "as is, where is" basis and submitted on a form of the Stalking Horse Offer, with changes blacklined to that offer;

x. all offers must be accompanied by a cash deposit in the amount of at least 10% of the purchase price made in such offer;

xi. only offerors submitting offers (i) on same or better terms than the Stalking Horse Offer and (ii) for a value equal or greater than purchase price in the Stalking Horse Offer, plus the Cost Reimbursement ($15,000), plus a $10,000 overbid, shall be deemed to be "**Qualifying Offers**";

xii. the Receiver shall not disclose to the Applicant any information concerning any offer submitted in the Sale Process;

xiii. the Receiver shall invite all parties submitting Qualifying Offers (which shall also be deemed to include the Stalking Horse Bidder) to participate in a live auction to select the winning bidder;

xiv. once the winning bidder is selected, the Receiver shall apply to Court for final approval of the chosen sale transaction;

xv. the transaction shall close shortly following Court approval; and

xvi. the Receiver, in its sole discretion, shall have the right to amend any term contemplated in the Sale Process, where the Receiver believes same to be appropriate.

(s) the Sale Process has been developed with the proposed Receiver and is consistent with prevailing insolvency practices;

(t) the Sale Process will expose the business to the market and represents a means to maximize return for the stakeholders;

Other Grounds

(u) Albert Gelman has consented to act as the Receiver and supports the relief sought herein;

(v) no party will be materially prejudiced by the relief sought herein;

(w) Section 243 of the *BIA*, and Section 101 of the *CJA*;

(x) Rules 1.04(1), 1.05, 2.01, 2.03 3.02, and 38 of the *Rules of Civil Procedure*; and

(y) such further and other grounds as counsel may advise and this Court may deem just.

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

(a) the affidavit of Laura Moscone and the exhibits thereto, to be served and filed;

(b) the consent of Albert Gelman to act as the Receiver;

(c) the prefiling report of Albert Gelman as proposed Receiver, to be served and filed; and

(d) such further and other evidence as counsel may advise and this Court permit.

DATE: May 14, 2024

LOOPSTRA NIXON LLP
130 Adelaide St W., Suite 2800
Toronto, ON M5H 3P5

R. Graham Phoenix
LSUC No. 52650N

Shahrzad Hamraz
LSUC No. 85218H

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Email: gphoenix@ln.law / shamraz@ln.law

Lawyers for the Applicant, Milestone Distribution (2024) Ltd.

SCHEDULE "A"

DRAFT ORDER

[*see attached*]

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

THE HONOURABLE	)	<*>DAY the <*> DAY OF
	)	
JUSTICE	)	<*>, 2024

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

\- and -

MILESTONE MARBLE & GRANITE LTD.

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
(appointing Receiver)

THIS MOTION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA"), for an order, *inter alia* (i) appointing Albert Gelman Inc. as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Milestone Marble & Granite Ltd. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor; (ii) approving the Sales Process substantially in the form attached as **Schedule "B"** hereto; and, (iii) approving the stalking horse asset purchase agreement between the Applicant, as buyer, and the Receiver, as vendor, (the "Stalking Horse APA") substantially in the form attached as Exhibit

"<*>" to affidavit of Laura Moscone sworn <*>, 2024 (the "Moscone Affidavit") was heard this day by judicial videoconference, administered by the office of this Honourable Court at 330 University Avenue, Toronto, Ontario.

ON READING the Moscone Affidavit and the exhibits thereto and the pre-filing report of the proposed Receiver dated <*> and the appendices thereto ("**Proposed Receiver's Report**"); **AND ON HEARING** the submissions of counsel for Applicant, the proposed Receiver and the other parties listed on the Participant Information Sheet, no one else appearing for the other parties listed on the service list although duly served as appears from the affidavit of service of Amanda Adamo sworn <*> and on reading the consent of Albert Gelman Inc. to act as the Receiver,

SERVICE

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

RECEIVER'S POWERS

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

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

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

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

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 $75,000 provided that the aggregate consideration for all such transactions does not exceed $300,000; 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* and/or section 31 of the Ontario *Mortgages Act*, as the case may be shall not be required.

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, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

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

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal

counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

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

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $250,000 (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.

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

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

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's

Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

APPROVAL OF STALKING HORSE SALE PROCESS

25. **THIS COURT ORDERS** that the stalking horse sale process set out in **Schedule "B"** to this order in respect of the Debtor's assets and/or business (the "Sale Process") is hereby approved.

26. **THIS COURT ORDERS** that the Receiver is authorized and directed to take such steps as is deemed necessary or advisable to carry out the Sale Process and perform its duties and obligations under the Sale Process; and, to take such steps and execute such documentation as may be necessary or incidental to the Sale Process, provided that any definitive agreement to be executed in respect of the sale of all or part of the Property shall require further approval of this Court.

27. **THIS COURT ORDERS** that the Receiver, and its assistants, affiliates, partners, employees, representatives and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature of kind, to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct in performing their obligations under the Sale Process as determined by this Court.

APPROVAL OF STALKING HORSE APA

28. **THIS COURT ORDERS** that the execution, delivery, and entry into by the Receiver of the Stalking Horse APA between the Receiver and Milestone Distribution 2024 Ltd., is confirmed, authorized and approved. For greater certainty, the Stalking Horse APA is approved only as a bid in the Sale Process (*as defined herein*) and the transaction contemplated therein is subject to prior Court approval.

SERVICE AND NOTICE

29. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/ 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 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <*>.

30. **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.

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

GENERAL

32. **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.

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

34. **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.

35. **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.

36. **THIS COURT ORDERS** that the Applicant shall have its costs of this motion, 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.

37. **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.

38. **THIS COURT ORDERS** that this order is effective from 12:01am (Toronto time) on today's date and is enforceable without the need for entry and filing, provided that any party may nonetheless submit a formal order for original signing, entry and filing, as the case may be.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of ______, 20__ (the "Order") made in an action having Court file number __-CL-_______, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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.

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

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.

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.

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

DATED the _____ day of ______________, 20__.

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

Per: ___________________________________
Name:
Title:

Schedule B

Procedure for Stalking Horses Sale Process

INTRODUCTION

1. On <*>, 2024, on application by Milestone Distribution 2024 Ltd. (the "**Stalking Horse Bidder**"), the Ontario Superior Court of Justice, Commercial List (the "**Court**") granted an order (the "**Order**"), among other things, (i) appointing Albert Gelman Inc. as receiver (the "**Receiver**") of the property, assets and undertakings of the Debtor (collectively, the "**Assets**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 and (ii) authorizing the Receiver to undertake a sale process ("**Sale Process**") for the sale of the Debtor's Assets on an "*as is, where is*" basis. The Sale Process will be conducted by the Receiver in the manner set forth herein and in accordance with the Order.

2. Among other things, the Order will also: (a) approve the procedures set out in this Schedule (the "**Bidding Procedures**") for the solicitation of offers (each, a "**Bid**") for the acquisition of the Assets; and (b) approve the form of stalking horse agreement (as same may be amended from time to time pursuant to its terms and the Order, the "**Stalking Horse Agreement**") to be entered into between the Receiver, as vendor, and the Stalking Horse Bidder, as purchaser, for the purposes of serving as the stalking horse bid in the Sale Process (the "**Stalking Horse Bid**"). For the avoidance of doubt, the implementation of the transaction contemplated by the Stalking Horse Agreement is conditional upon the Stalking Horse Bid being selected as a Successful Bid (as defined below) in accordance with the Bidding Procedures and Court approval of the Stalking Horse Agreement and the transactions contemplated therein on a subsequent motion to be brought by the Debtor following the completion of the Sale Process.

Bidding Procedures

Opportunity

3. The Sale Process is intended to solicit interest in and opportunities for a sale of all of the Assets of the Debtor (the "**Opportunity**").

4. Any sale of the Assets will be on an "*as is, where is*" basis and without surviving representations or warranties of any kind, nature, or description by the Receiver, the Debtor or any of their respective agents, employees, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Debtor in and to the Assets to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders and definitive documents.

5. The Stalking Horse Agreement constitutes a Binding Offer by the Stalking Horse Bidder (who shall be deemed to be a Binding Offer Bidder (each as defined below)) for all purposes and at all times under this Sale Process and will serve as the Stalking Horse Bid for purposes of this Sale Process and the Bidding Procedures and the Stalking Horse Bidder

shall have the right to participate in the Auction (as defined below), if any. Notwithstanding the Stalking Horse Agreement and proposed transactions therein, all interested parties are encouraged to submit bids to acquire the Assets. A copy of the Stalking Horse Agreement will be made available to all Qualified Bidders and a form of such purchase agreement, to be uploaded to the VDR (each as defined below), may be used as the basis for any Binding Offer made in the Sale Process.

6. The Bidding Procedures describe the manner in which prospective bidders may gain access to due diligence materials concerning the Debtor and the Assets, the manner in which bidders may participate in the Sale Process, the requirement of and the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the requisite approvals to be sought from the Court in connection therewith.

7. The Receiver may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Potential Bidders, Qualified Bidders, Binding Offer Bidders or the Successful Bidder(s) provided that such modification, amendment, variation or supplement is expressly limited to changes that do not alter, amend or prejudice the rights of such bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and are necessary or useful in order to give effect to the substance of the Sale Process, the Bidding Procedures or the Order. Notwithstanding the foregoing, the dates or time limits indicated in the table contained below may be extended by the Receiver, as the Receiver deems necessary or appropriate, or by order of the Court.

8. The Receiver will post on the Receiver's website and serve on the service list maintained in these proceedings, as soon as practicable, any such modification, amendment, variation or supplement to these Bidding Procedures and inform the bidders impacted by such modifications.

9. The Sale Process will be conducted by the Receiver in the manner set forth herein and in accordance with the Order. In the event of a dispute as to the interpretation or application of the Order or these Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute. For the avoidance of doubt, all bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the Sale Process, including the qualification of bids, the construction and enforcement of the Sale Process, and closing of a Successful Bid, as applicable.

10. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

11. A summary of the key dates pursuant to the Sale Process is as follows:

Milestone	Date
Go to market	<*>
Bid Deadline	<*>
Auction, if needed	<*>
Hearing of the Sale Approval Motion / Transaction Execution Date	Subject to availability of the Court
Closing of Transaction (outside date)	No later than <*>

Solicitation of Interest: Notice of the Sale Process

12. As soon as reasonably practicable after Court approval of the Sale Process:

    a. the Receiver will prepare a list of potential bidders, including (i) parties that have approached the Debtor or the Receiver indicating an interest in the Opportunity and (ii) strategic and financial parties who the Receiver believes may be interested in the Opportunity;

    b. the Receiver, with the assistance of the Debtor, will prepare (i) a process summary (the "**Teaser Letter**") describing the Opportunity and the contemplated process under the Sale Process and inviting recipients of the Teaser Letter to express their interest in the Opportunity; and (ii) a non-disclosure agreement in form and substance satisfactory to the Receiver, which shall enure to the benefit of any purchaser of the Assets or any part thereof (an "**NDA**").

13. As soon as reasonably practicable, but, in any event, by no later than five (5) business days after the Court approval of the Sale Process, the Receiver shall (i) publish a notice of the Sale Process (and such other relevant information which the Receiver considers appropriate) (the "**Notice**") in the National Post and/or in one or more trade industry and/or insolvency-related publications as may be considered appropriate by the Receiver.

14. The Receiver will cause the Teaser Letter and NDA to be sent to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Receiver as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Virtual Data Room

15. A confidential virtual data room or rooms (collectively the "**VDR**") in relation to the Opportunity will be made available by the Receiver to Potential Bidders (as defined below) that have executed the NDA. The VDR will be made available as soon as practicable.

Qualified Bidders

16. Any party who wishes to participate in the Sale Process (a "**Potential Bidder**") must provide to the Receiver and counsel to the Receiver, at the addresses specified in **Appendix "B"** hereto (including by email transmission), an NDA executed by it, acceptable to the Receiver, and written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

17. A Potential Bidder (who has delivered the executed NDA and letter as set out above) will be deemed a "**Qualified Bidder**" if the Receiver, in its reasonable judgment, determines such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or liquidation transaction pursuant to the Sale Process. All Qualified Bidders will be granted access to the VDR. For the avoidance of doubt, the Stalking Horse Bidder is, and will be deemed to be, a Qualified Bidder. The Receiver will provide to each Qualified Bidder a copy of the Stalking Horse Agreement and any material amendment thereto.

18. The Debtor, the Receiver and their respective advisors make no representation or warranty as to the information contained in the VDR, Teaser Letter or otherwise made available pursuant to the Sale Process.

19. At any time during the Sale Process, the Receiver may, in its reasonable judgment, eliminate a Qualified Bidder from the Sale Process, in which case such bidder will be eliminated from the Sale Process and will no longer be a "Qualified Bidder" for the purposes of the Sale Process.

20. Potential Bidders must rely solely on their own independent review, diligence, investigation and/or inspection of all information and of the Assets in connection with their participation in the Sale Process and any transaction they enter into with the Receiver.

Due Diligence

21. The Receiver shall, subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Assets as is available to the Receiver and as the Receiver may deem appropriate.

22. The Receiver will designate one or more representatives of the Receiver to be solely

responsible for coordinating and responding to all requests for information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Receiver, nor the Debtor through the Receiver, will be obligated to furnish any information relating to the Assets to any person other than to Qualified Bidders. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Receiver determines such information to represent proprietary or sensitive competitive information.

Formal Binding Offers

23. Any Qualified Bidder (other than the Stalking Horse Bidder) that wishes to make a formal offer to acquire all or substantially all of the Assets, whether through an asset purchase (a "**Sale Proposal**") or wishes to propose a liquidation of the assets (a "**Liquidation Proposal**"), must submit a binding offer (a "**Binding Offer**") by submitting a marked version compared to the Stalking Horse Agreement, a copy of which will be posted in the VDR in form and substance satisfactory to the Receiver (the "**Binding Offer Bidder**") to the Receiver, no later 5 p.m. EST on <*> 2024 (the "**Binding Offer Deadline**").

24. A Binding Offer will be considered if it:

(a) is submitted in the form of asset purchase agreement template provided by the Receiver, accompanied by a blacklined version of the same showing all changes from the Stalking Horse Agreement (provided that a Liquidation Proposal is not required to be submitted on such template);

(b) provides for net cash proceeds on closing no less than the aggregate of: (A) the amount of cash equal in value to (i) the cash payable under the Stalking Horse Agreement together with (ii) value of the 'credit bid' component of the Stalking Horse Agreement, plus (B) the amount of cash payable to cover the Expense Reimbursement as defined in the Stalking Horse Agreement ($15,000), plus (C) a minimum overbid amount of $10,000 (the amounts set forth in this paragraph 24(b), the "Minimum Purchase Price");

(c) is submitted on or before the Binding Offer Deadline by a Qualified Bidder;

(d) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder;

(e) identifies any executory contracts and leases of the Debtor that the Binding Offer Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;

(f) is not subject to any financing condition, diligence condition or internal or board approval;

(g) is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding

Offer;

(h) contains or identifies the key terms and provisions to be included in any Approval Order;

(i) contains the Binding Offer Bidder's proposed treatment of employees of the Debtor (for example, anticipated employment offers and treatment of post-employment benefits);

(j) includes acknowledgments and representations of the Binding Offer Bidder that it: (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its Binding Offer; and (ii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity or the completeness of any information provided in connection therewith, other than as expressly set forth in the Binding Offer or other transaction document submitted with the Binding Offer;

(k) includes evidence satisfactory to the Receiver of funds available to pay the Minimum Purchase Price on closing;

(l) does not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder will be entitled to any bid protections;

(m) includes:

  (i) the specific purchase price in Canadian dollars and a description of any non- cash consideration;

  (ii) a description of the Assets that is expected to be subject to the transaction and any of the Assets expected to be excluded;

  (iii) a specific indication of the sources of capital for the Binding Offer Bidder and the structure and financing of the transaction; and

  (iv) a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume and which such liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;

(n) includes payment of a deposit in the amount of not less than 10% of the cash purchase price payable on closing (the "**Deposit**") by wire transfer to the Receiver;

(o) is accompanied by an acknowledgement that if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be non-refundable subject

to approval of such Successful Bid by the Court and the terms described in paragraph 38 below;

(p) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is ten (10) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than June 30, 2024 unless otherwise agreed to be extended by the Receiver, in writing, or by order of the Court (the "**Outside Date**"); and

(q) includes such other information as reasonably requested or identified as being necessary or required by the Receiver.

25. By submitting an offer for consideration as a Binding Offer, it is deemed that such Binding Offer: (i) may be accepted by the Receiver by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) business days after the date of closing of the applicable Successful Bid; and (B) the Outside Date.

26. The Receiver, in its reasonable judgment, may waive compliance with any one or more of the requirements specified above and consider such non-compliant Binding Offer. For the avoidance of doubt, the completion of any Binding Offer shall be subject to the approval of the Court.

27. In the circumstance that a Binding Offer, does not provide for net cash proceeds on closing that are at least equal to the Minimum Purchase Price, the Receiver may elect that such Binding Offer nevertheless be considered as a potential Successful Bid and be entitled to participate in the Auction.

Selection of Successful Bid

28. The Receiver may, following the receipt of any Binding Offer, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered.

29. The Receiver may negotiate with Binding Offer Bidders in any manner it considers appropriate in its business judgment with a view to maximizing the value of the Assets, including at the Auction (as defined below).

30. The Receiver will (i) review and evaluate each relevant Binding Offer; and (ii) identify the highest and otherwise best Binding Offer (the "**Successful Bid**", and the Binding Offer Bidder making such Successful Bid, the "**Successful Bidder**"). The Receiver may consider any commercial factor in evaluating Binding Offers, including, but not limited to, speed, certainty, value and preservation of employment. In the event that no Binding Offer (other than the Stalking Horse Bid) is selected as the Successful Bid, the Receiver will promptly seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.

31. If the Receiver determines that more than one Binding Offer (other than the Stalking Horse Bid) should be considered, the Receiver may, without being obligated to do so, conduct an auction (the "**Auction**") to select the highest and/or best Binding Offer in accordance with the procedure set out below.

(a) The Auction will commence at a time to be designated by the Receiver and may, in the discretion of the Receiver, be held virtually via videoconference, teleconference or such other reasonable means as the Receiver deems appropriate. The Receiver will consult with the parties permitted to attend the Auction to arrange for the Auction to be so held. Subject to the terms hereof, the Receiver may postpone the Auction.

(b) The identity of each Binding Offer Bidder participating in the Auction will be disclosed, on a confidential basis, to other Binding Offer Bidders participating in the Auction.

(c) Except as otherwise permitted in the Receiver's discretion, only the Receiver and the Binding Offer Bidders, and, in each case, their respective professionals and representatives, will be permitted to attend the Auction. Only Binding Offer Bidders (including, for greater certainty, the Stalking Horse Bidder) are eligible to participate in the Auction.

(d) Binding Offer Bidders will participate in the Auction through a duly authorized representative.

(e) Except as otherwise set forth herein, the Receiver may waive and/or employ and announce at the Auction additional rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are: (i) not inconsistent with the Order, the Sale Process, the Bidding Procedures, the BIA, or any order of the Court issued in connection with these proceedings; (ii) disclosed to each Binding Offer Bidder; and (iii) designed, by the Receiver, in its reasonable judgment, to result in the highest and otherwise best offer.

(f) The Receiver may arrange for the actual bidding at the Auction to be transcribed or recorded. Each Binding Offer Bidder participating in the Auction will designate a single individual to be its spokesperson during the Auction.

(g) Each Binding Offer Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Debtor or any other person, without the consent of the Receiver, regarding the Sale Process, that has not been disclosed to all other Binding Offer Bidders. For greater certainty, communications between the Stalking Horse Bidder and either the Debtor or the Receiver with respect to and in preparation of the Stalking Horse Agreement, the Sale Process and the Bidding Procedures, prior to the issuance of the Order and the commencement of the Sale Process will not represent collusion nor communications prohibited by this paragraph.

(h) Prior to the Auction, the Receiver will identify the highest and best of the Binding Offers received and such Binding Offers will constitute the opening bid for the purposes of the Auction (the "**Opening Bid**"). Subsequent bidding will continue in minimum increments valued at not less than $25,000.00 cash in excess of the Opening Bid. Each Binding Offer Bidder will provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price.

(i) All Binding Offer Bidders will have the right, at any time, to request that the Receiver announce, subject to any potential new bids, the then-current highest and best bid and, to the extent requested by any Binding Offer Bidder, use reasonable efforts to clarify any and all questions such Binding Offer Bidder may have regarding the Receiver's announcement of the then-current highest and best bid.

(j) Each participating Binding Offer Bidder will be given reasonable opportunity to submit an overbid at the Auction to any then-existing overbids. The Auction will continue until the bidding has concluded and there is one remaining Binding Offer Bidder. The Receiver shall determine which Binding Offer Bidders have submitted the highest and otherwise best Binding Offer of the Auction, which shall be a Successful Bid. The Receiver may consider any commercial factor in evaluating Binding Offers, including speed, certainty, value and preservation of employment. At such time and upon the conclusion of the bidding, the Auction will be closed, and the Binding Offer Bidder with the highest and otherwise best Binding Offer of the Auction will be a Successful Bidder.

(k) Upon selection of a Successful Bidder(s), if any, the Successful Bidder(s), if any, shall deliver to the Receiver an amended and executed transaction document that reflects their final bid and any other modifications submitted and agreed to during the Auction, prior to the filing of the motion material for the hearing to consider the Approval Motion.

(l) Any bids submitted after the conclusion of the Auction will not be considered.

(m) The Receiver shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.

32. A Successful Bid, if any, will be selected by no later than 5:00 p.m. (Eastern Time) on <*>, 2024 (or such later date immediately thereafter if the Auction is conducted and not completed in one day). If the applicable Successful Bid is terminated for any reason prior to the Outside Date, the Receiver may elect to, or by further order of the Court, seek to complete the transactions contemplated by the Stalking Horse Bid and will promptly seek to close the transaction contemplated by such Stalking Horse Bid, which will be deemed to be a Successful Bid. The Receiver will be deemed to have accepted such Stalking Horse Bid only when the Receiver has made such election.

Approval of Successful Bid

33. The Receiver will apply to the Court (the "**Approval Motion**") for one or more orders: (i) approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and (ii) granting a vesting order(s) to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) (collectively, the "**Approval Order(s)**"). The Approval Motion will be held on a date to be scheduled by the Debtor and confirmed by the Court upon application by the Debtor. With the consent of the Receiver, the Approval Motion may be adjourned or rescheduled by the Debtor without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list maintained in the NOI Proceedings prior to the Approval Motion. The Debtor will consult with the Receiver and the applicable Successful Bidder regarding the motion material to be filed by the Debtor for the Approval Motion.

34. All Binding Offers (other than the Successful Bid(s) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s)), with no further or continuing obligation of the Receiver to any unsuccessful Binding Offer Bidders, including the Stalking Horse Bidder.

Deposits

35. The Deposit(s):

(a) will, upon receipt from the Binding Offer Bidder(s), be retained by the Receiver and deposited in a non-interest-bearing trust account;

(b) received from the Successful Bidder(s) will:

(i) be applied to the purchase price to be paid by the applicable Successful Bidder whose Successful Bid is the subject of the Approval Order(s), upon closing of the approved transaction; and

(ii) otherwise be held and refunded in accordance with the terms of the definitive documentation in respect of the applicable Successful Bid, provided that all such documentation will provide that the Deposit will be retained by the Debtor and forfeited by the Successful Bidder, if its Successful Bid fails to close by the Outside Date and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of its Successful Bid; and

(c) received from the Binding Offer Bidder(s) that are not a Successful Bidder will be fully refunded to the Binding Offer Bidder(s) that paid the Deposit(s), as applicable, as soon as practical following the closing of the applicable Successful Bid.

"As is, Where is"

36. Any sale (or sales), including in the case of liquidation, of the Assets or the Business or

portions thereof will be on an "**as is, where is**" basis except for representations and warranties that are customarily provided in purchase agreements for a company subject to NOI Proceedings. Any such representations and warranties provided for in the definitive documents will not survive closing.

Confidentiality

37. For greater certainty, other than as required in connection with any Auction or Approval Motion, neither the Debtor nor the Receiver will disclose: (i) the identity of any Potential Bidder or Qualified Bidder (other than the Stalking Horse Bidder); or (ii) the terms of any bid, Sale Proposal, , Liquidation Proposal, or Binding Offer (other than the Stalking Horse Agreement), to any other bidder or any of its affiliates, except to the extent the Receiver, with the consent of such applicable parties is seeking to combine separate bids into Aggregated Bids. Potential Bidders, Qualified Bidders (including the Stalking Horse Bidder), Binding Offer Bidders and each of their respective affiliates shall not communicate with, or contact, directly or indirectly, any other Potential Bidder, Qualified Bidder (including the Stalking Horse Bidder), Binding Offer Bidder, or their respective affiliates, without the express written consent of the Receiver, and such communications or discussions are to take place under the supervision of the Receiver.

Further Orders

38. At any time during the Sale Process, the Debtor or the Receiver may apply to the Court for advice and directions with respect to any aspect of this Sale Process including, but not limited to, the continuation of or termination of the Sale Process or with respect to the discharge of its powers and duties hereunder.

Additional Terms

39. In addition to any other requirement of the Sale Process:

(a) Any consent, approval or confirmation to be provided by the Stalking Horse Bidder, the Debtor and/or the Receiver is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the BIA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email will be deemed to have been provided in writing for the purposes of this paragraph.

(b) Prior to seeking Court approval for any transaction or bid contemplated by this Sale Process, the Receiver will provide a report to the Court on the Sale Process, parts of which may be filed under seal, including in respect of any and all bids received.

40. This Sale Process does not, and will not be interpreted to create any contractual or legal relationship between the Receiver and any other party, other than as specifically set forth in the NDA or any other definitive agreement executed.

41. Notwithstanding anything to the contrary herein, the Receiver shall have no liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder (including the Stalking Horse Bidder), Binding Offer Bidder, Known Potential Bidder, Successful Bidder, or any other creditor or stakeholder, or any Applicant, as a result of implementation or otherwise in connection with this Sale Process, except to the extent that any such liabilities result from the gross negligence or willful misconduct of the Receiver, as determined by the Court, and all such persons or entities shall have no claim against the Receiver in respect of the Sale Process for any reason whatsoever.

APPENDIX "B"

<u>The Receiver</u>:

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of the Debtor
250 Fernand Dr. – Suite 403
Toronto, Ontario M3C 3G8

Attention: Adam Zeldin
Email: azeldin@albertgelman.com

with a copy to:

RECONSTRUCT LLP
200 Bay Street, Suite 2305 – PO Box 120
Toronto, Ontario M5J 2J3

Attention: Caitlin Fell
Email: cfell@reconstructllp.com

MILESTONE DISTRIBUTION 2024 LTD - and - **MILESTONE MARBLE & GRANITE LTD.**

Applicant Respondents

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

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceedings commenced at **TORONTO**

ORDER
(appointing Receiver)

LOOPSTRA NIXON LLP
130 ADELAIDE ST W – SUITE 2800
TORONTO, ON M5H 3P5

R. GRAHAM PHOENIX (LSO NO.: 52650N)
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COUNSEL TO THE APPLICANT

MILESTONE DISTRIBUTION 2024 LTD -and- **MILESTONE MARBLE & GRANITE LTD.**

Applicant — Respondent

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

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
[Commercial List]

Proceedings commenced at Toronto

NOTICE OF APPLICATION

LOOPSTRA NIXON LLP
130 Adelaide St. W, Suite 2800
Toronto, ON M5H 3P5

R. Graham Phoenix (LSUC # 52650N) /
Shahrzad Hamraz (LSUC #85218H)
Tel: (416) 746-4710
Fax: (416) 746-8319
Email: gphoenix@ln.law /
shamraz@ln.law.

Lawyers for the Applicant

TAB A

Court File No. CV-24-00720368-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

THE HONOURABLE	)	WEDNESDAY, the 12TH
	)	
JUSTICE BLACK	)	DAY OF JUNE, 2024

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

- and -

MILESTONE MARBLE & GRANITE LTD.

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
(appointing Receiver)

THIS MOTION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA"), for an order, *inter alia* (i) appointing Albert Gelman Inc. as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Milestone Marble & Granite Ltd. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor; (ii) approving the Sales Process substantially in the form attached as **Schedule "B"** hereto; and, (iii) approving the stalking horse asset purchase agreement between the Applicant, as buyer, and the Receiver, as vendor, (the "Stalking Horse APA") substantially in the form attached as Exhibit

"P" to affidavit of Laura Moscone sworn May 30, 2024 (the "Moscone Affidavit") was heard this day by judicial videoconference, administered by the office of this Honourable Court at 330 University Avenue, Toronto, Ontario.

ON READING the Moscone Affidavit and the exhibits thereto and the pre-filing report of the proposed Receiver dated <*> and the appendices thereto ("**Proposed Receiver's Report**"); **AND ON HEARING** the submissions of counsel for Applicant, the proposed Receiver and the other parties listed on the Participant Information Sheet, no one else appearing for the other parties listed on the service list although duly served as appears from the affidavit of service of Amanda Adamo sworn June 3, 2024, and on reading the consent of Albert Gelman Inc. to act as the Receiver,

SERVICE

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

RECEIVER'S POWERS

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

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

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

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

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 $75,000 provided that the aggregate consideration for all such transactions does not exceed $300,000; 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* and/or section 31 of the Ontario *Mortgages Act*, as the case may be shall not be required.

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, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

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

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal

counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

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

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $250,000 (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.

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

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

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's

Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

APPROVAL OF STALKING HORSE SALE PROCESS

25. **THIS COURT ORDERS** that the stalking horse sale process set out in **Schedule "B"** to this order in respect of the Debtor's assets and/or business (the "Sale Process") is hereby approved.

26. **THIS COURT ORDERS** that the Receiver is authorized and directed to take such steps as is deemed necessary or advisable to carry out the Sale Process and perform its duties and obligations under the Sale Process; and, to take such steps and execute such documentation as may be necessary or incidental to the Sale Process, provided that any definitive agreement to be executed in respect of the sale of all or part of the Property shall require further approval of this Court.

27. **THIS COURT ORDERS** that the Receiver, and its assistants, affiliates, partners, employees, representatives and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature of kind, to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct in performing their obligations under the Sale Process as determined by this Court.

APPROVAL OF STALKING HORSE APA

28. **THIS COURT ORDERS** that the execution, delivery, and entry into by the Receiver of the Stalking Horse APA between the Receiver and Milestone Distribution 2024 Ltd., is confirmed, authorized and approved. For greater certainty, the Stalking Horse APA is approved only as a bid in the Sale Process (*as defined herein*) and the transaction contemplated therein is subject to prior Court approval.

SERVICE AND NOTICE

29. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of

documents made in accordance with the Guide (which can be found on the Commercial List website at www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/ 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 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: https://www.albertgelman.com/corporate-solutions/other-engagements/.

30. **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.

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

GENERAL

32. **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.

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

34. **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.

35. **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.

36. **THIS COURT ORDERS** that the Applicant shall have its costs of this motion, 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.

37. **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.

38. **THIS COURT ORDERS** that this order is effective from 12:01am (Toronto time) on today's date and is enforceable without the need for entry and filing, provided that any party may nonetheless submit a formal order for original signing, entry and filing, as the case may be.

____

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the “Property”) appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of ______, 20__ (the "Order") made in an action having Court file number __-CL-_______, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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.

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

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.

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.

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

DATED the _____ day of ______________, 20__.

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

Per: ___________________________________

Name:

Title:

SCHEDULE "B"

PROCEDURES FOR STALKING HORSE SALE PROCESS

Schedule B

Procedure for Stalking Horses Sale Process

INTRODUCTION

1. On June 12, 2024, on application by Milestone Distribution 2024 Ltd. (the “**Stalking Horse Bidder**”), the Ontario Superior Court of Justice, Commercial List (the “**Court**”) granted an order (the “**Order**”), among other things, (i) appointing Albert Gelman Inc. as receiver (the “**Receiver**”) of the property, assets and undertakings of the Debtor (collectively, the “**Assets**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 and (ii) authorizing the Receiver to undertake a sale process (“**Sale Process**”) for the sale of the Debtor’s Assets on an “*as is, where is*” basis. The Sale Process will be conducted by the Receiver in the manner set forth herein and in accordance with the Order.

2. Among other things, the Order will also: (a) approve the procedures set out in this Schedule (the “**Bidding Procedures**”) for the solicitation of offers (each, a “**Bid**”) for the acquisition of the Assets; and (b) approve the form of stalking horse agreement (as same may be amended from time to time pursuant to its terms and the Order, the “**Stalking Horse Agreement**”) to be entered into between the Receiver, as vendor, and the Stalking Horse Bidder, as purchaser, for the purposes of serving as the stalking horse bid in the Sale Process (the “**Stalking Horse Bid**”). For the avoidance of doubt, the implementation of the transaction contemplated by the Stalking Horse Agreement is conditional upon the Stalking Horse Bid being selected as a Successful Bid (as defined below) in accordance with the Bidding Procedures and Court approval of the Stalking Horse Agreement and the transactions contemplated therein on a subsequent motion to be brought by the Debtor following the completion of the Sale Process.

Bidding Procedures

Opportunity

3. The Sale Process is intended to solicit interest in and opportunities for a sale of all of the Assets of the Debtor (the "**Opportunity**").

4. Any sale of the Assets will be on an "*as is, where is*" basis and without surviving representations or warranties of any kind, nature, or description by the Receiver, the Debtor or any of their respective agents, employees, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Debtor in and to the Assets to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders and definitive documents.

5. The Stalking Horse Agreement constitutes a Binding Offer by the Stalking Horse Bidder (who shall be deemed to be a Binding Offer Bidder (each as defined below)) for all purposes and at all times under this Sale Process and will serve as the Stalking Horse Bid for purposes of this Sale Process and the Bidding Procedures and the Stalking Horse Bidder

shall have the right to participate in the Auction (as defined below), if any. Notwithstanding the Stalking Horse Agreement and proposed transactions therein, all interested parties are encouraged to submit bids to acquire the Assets. A copy of the Stalking Horse Agreement will be made available to all Qualified Bidders and a form of such purchase agreement, to be uploaded to the VDR (each as defined below), may be used as the basis for any Binding Offer made in the Sale Process.

6. The Bidding Procedures describe the manner in which prospective bidders may gain access to due diligence materials concerning the Debtor and the Assets, the manner in which bidders may participate in the Sale Process, the requirement of and the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the requisite approvals to be sought from the Court in connection therewith.

7. The Receiver may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Potential Bidders, Qualified Bidders, Binding Offer Bidders or the Successful Bidder(s) provided that such modification, amendment, variation or supplement is expressly limited to changes that do not alter, amend or prejudice the rights of such bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and are necessary or useful in order to give effect to the substance of the Sale Process, the Bidding Procedures or the Order. Notwithstanding the foregoing, the dates or time limits indicated in the table contained below may be extended by the Receiver, as the Receiver deems necessary or appropriate, or by order of the Court.

8. The Receiver will post on the Receiver's website and serve on the service list maintained in these proceedings, as soon as practicable, any such modification, amendment, variation or supplement to these Bidding Procedures and inform the bidders impacted by such modifications.

9. The Sale Process will be conducted by the Receiver in the manner set forth herein and in accordance with the Order. In the event of a dispute as to the interpretation or application of the Order or these Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute. For the avoidance of doubt, all bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the Sale Process, including the qualification of bids, the construction and enforcement of the Sale Process, and closing of a Successful Bid, as applicable.

10. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

11. A summary of the key dates pursuant to the Sale Process is as follows:

Milestone	Date
Go to market	No later than June 14, 2024
Bid Deadline	July 16, 2024
Auction, if needed	July 18, 2024
Hearing of the Sale Approval Motion / Transaction Execution Date	Subject to availability of the Court
Closing of Transaction (outside date)	No later than August 14, 2024

Solicitation of Interest: Notice of the Sale Process

12. As soon as reasonably practicable after Court approval of the Sale Process:

    a. the Receiver will prepare a list of potential bidders, including (i) parties that have approached the Debtor or the Receiver indicating an interest in the Opportunity and (ii) strategic and financial parties who the Receiver believes may be interested in the Opportunity;

    b. the Receiver, with the assistance of the Debtor, will prepare (i) a process summary (the "**Teaser Letter**") describing the Opportunity and the contemplated process under the Sale Process and inviting recipients of the Teaser Letter to express their interest in the Opportunity; and (ii) a non-disclosure agreement in form and substance satisfactory to the Receiver, which shall enure to the benefit of any purchaser of the Assets or any part thereof (an "**NDA**").

13. As soon as reasonably practicable, but, in any event, by no later than five (5) business days after the Court approval of the Sale Process, the Receiver shall (i) publish a notice of the Sale Process (and such other relevant information which the Receiver considers appropriate) (the "**Notice**") in the National Post and/or in one or more trade industry and/or insolvency-related publications as may be considered appropriate by the Receiver.

14. The Receiver will cause the Teaser Letter and NDA to be sent to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Receiver as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Virtual Data Room

15. A confidential virtual data room or rooms (collectively the "**VDR**") in relation to the Opportunity will be made available by the Receiver to Potential Bidders (as defined below) that have executed the NDA. The VDR will be made available as soon as practicable.

Qualified Bidders

16. Any party who wishes to participate in the Sale Process (a "**Potential Bidder**") must provide to the Receiver and counsel to the Receiver, at the addresses specified in **Appendix "B"** hereto (including by email transmission), an NDA executed by it, acceptable to the Receiver, and written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

17. A Potential Bidder (who has delivered the executed NDA and letter as set out above) will be deemed a "**Qualified Bidder**" if the Receiver, in its reasonable judgment, determines such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or liquidation transaction pursuant to the Sale Process. All Qualified Bidders will be granted access to the VDR. For the avoidance of doubt, the Stalking Horse Bidder is, and will be deemed to be, a Qualified Bidder. The Receiver will provide to each Qualified Bidder a copy of the Stalking Horse Agreement and any material amendment thereto.

18. The Debtor, the Receiver and their respective advisors make no representation or warranty as to the information contained in the VDR, Teaser Letter or otherwise made available pursuant to the Sale Process.

19. At any time during the Sale Process, the Receiver may, in its reasonable judgment, eliminate a Qualified Bidder from the Sale Process, in which case such bidder will be eliminated from the Sale Process and will no longer be a "Qualified Bidder" for the purposes of the Sale Process.

20. Potential Bidders must rely solely on their own independent review, diligence, investigation and/or inspection of all information and of the Assets in connection with their participation in the Sale Process and any transaction they enter into with the Receiver.

Due Diligence

21. The Receiver shall, subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Assets as is available to the Receiver and as the Receiver may deem appropriate.

22. The Receiver will designate one or more representatives of the Receiver to be solely

responsible for coordinating and responding to all requests for information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Receiver, nor the Debtor through the Receiver, will be obligated to furnish any information relating to the Assets to any person other than to Qualified Bidders. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Receiver determines such information to represent proprietary or sensitive competitive information.

Formal Binding Offers

23. Any Qualified Bidder (other than the Stalking Horse Bidder) that wishes to make a formal offer to acquire all or substantially all of the Assets, whether through an asset purchase (a "**Sale Proposal**") or wishes to propose a liquidation of the assets (a "**Liquidation Proposal**"), must submit a binding offer (a "**Binding Offer**") by submitting a marked version compared to the Stalking Horse Agreement, a copy of which will be posted in the VDR in form and substance satisfactory to the Receiver (the "**Binding Offer Bidder**") to the Receiver, no later 5 p.m. EST on July 16, 2024 (the "**Binding Offer Deadline**").

24. A Binding Offer will be considered if it:

(a) is submitted in the form of asset purchase agreement template provided by the Receiver, accompanied by a blacklined version of the same showing all changes from the Stalking Horse Agreement (provided that a Liquidation Proposal is not required to be submitted on such template);

(b) provides for net cash proceeds on closing no less than the aggregate of: (A) the amount of cash equal in value to (i) the cash payable under the Stalking Horse Agreement together with (ii) value of the 'credit bid' component of the Stalking Horse Agreement, plus (B) the amount of cash payable to cover the Expense Reimbursement as defined in the Stalking Horse Agreement ($15,000), plus (C) a minimum overbid amount of $10,000 (the amounts set forth in this paragraph 24(b), the "Minimum Purchase Price");

(c) is submitted on or before the Binding Offer Deadline by a Qualified Bidder;

(d) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder;

(e) identifies any executory contracts and leases of the Debtor that the Binding Offer Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;

(f) is not subject to any financing condition, diligence condition or internal or board approval;

(g) is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding

Offer;

(h) contains or identifies the key terms and provisions to be included in any Approval Order;

(i) contains the Binding Offer Bidder's proposed treatment of employees of the Debtor (for example, anticipated employment offers and treatment of post-employment benefits);

(j) includes acknowledgments and representations of the Binding Offer Bidder that it: (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its Binding Offer; and (ii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity or the completeness of any information provided in connection therewith, other than as expressly set forth in the Binding Offer or other transaction document submitted with the Binding Offer;

(k) includes evidence satisfactory to the Receiver of funds available to pay the Minimum Purchase Price on closing;

(l) does not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder will be entitled to any bid protections;

(m) includes:

   (i) the specific purchase price in Canadian dollars and a description of any non- cash consideration;

   (ii) a description of the Assets that is expected to be subject to the transaction and any of the Assets expected to be excluded;

   (iii) a specific indication of the sources of capital for the Binding Offer Bidder and the structure and financing of the transaction; and

   (iv) a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume and which such liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;

(n) includes payment of a deposit in the amount of not less than 10% of the cash purchase price payable on closing (the "**Deposit**") by wire transfer to the Receiver;

(o) is accompanied by an acknowledgement that if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be non-refundable subject

to approval of such Successful Bid by the Court and the terms described in paragraph 38 below;

(p) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is ten (10) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than June 30, 2024 unless otherwise agreed to be extended by the Receiver, in writing, or by order of the Court (the "**Outside Date**"); and

(q) includes such other information as reasonably requested or identified as being necessary or required by the Receiver.

25. By submitting an offer for consideration as a Binding Offer, it is deemed that such Binding Offer: (i) may be accepted by the Receiver by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) business days after the date of closing of the applicable Successful Bid; and (B) the Outside Date.

26. The Receiver, in its reasonable judgment, may waive compliance with any one or more of the requirements specified above and consider such non-compliant Binding Offer. For the avoidance of doubt, the completion of any Binding Offer shall be subject to the approval of the Court.

27. In the circumstance that a Binding Offer, does not provide for net cash proceeds on closing that are at least equal to the Minimum Purchase Price, the Receiver may elect that such Binding Offer nevertheless be considered as a potential Successful Bid and be entitled to participate in the Auction.

Selection of Successful Bid

28. The Receiver may, following the receipt of any Binding Offer, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered.

29. The Receiver may negotiate with Binding Offer Bidders in any manner it considers appropriate in its business judgment with a view to maximizing the value of the Assets, including at the Auction (as defined below).

30. The Receiver will (i) review and evaluate each relevant Binding Offer; and (ii) identify the highest and otherwise best Binding Offer (the "**Successful Bid**", and the Binding Offer Bidder making such Successful Bid, the "**Successful Bidder**"). The Receiver may consider any commercial factor in evaluating Binding Offers, including, but not limited to, speed, certainty, value and preservation of employment. In the event that no Binding Offer (other than the Stalking Horse Bid) is selected as the Successful Bid, the Receiver will promptly seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.

31. If the Receiver determines that more than one Binding Offer (other than the Stalking Horse Bid) should be considered, the Receiver may, without being obligated to do so, conduct an auction (the "**Auction**") to select the highest and/or best Binding Offer in accordance with the procedure set out below.

    (a) The Auction will commence at a time to be designated by the Receiver and may, in the discretion of the Receiver, be held virtually via videoconference, teleconference or such other reasonable means as the Receiver deems appropriate. The Receiver will consult with the parties permitted to attend the Auction to arrange for the Auction to be so held. Subject to the terms hereof, the Receiver may postpone the Auction.

    (b) The identity of each Binding Offer Bidder participating in the Auction will be disclosed, on a confidential basis, to other Binding Offer Bidders participating in the Auction.

    (c) Except as otherwise permitted in the Receiver's discretion, only the Receiver and the Binding Offer Bidders, and, in each case, their respective professionals and representatives, will be permitted to attend the Auction. Only Binding Offer Bidders (including, for greater certainty, the Stalking Horse Bidder) are eligible to participate in the Auction.

    (d) Binding Offer Bidders will participate in the Auction through a duly authorized representative.

    (e) Except as otherwise set forth herein, the Receiver may waive and/or employ and announce at the Auction additional rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are: (i) not inconsistent with the Order, the Sale Process, the Bidding Procedures, the BIA, or any order of the Court issued in connection with these proceedings; (ii) disclosed to each Binding Offer Bidder; and (iii) designed, by the Receiver, in its reasonable judgment, to result in the highest and otherwise best offer.

    (f) The Receiver may arrange for the actual bidding at the Auction to be transcribed or recorded. Each Binding Offer Bidder participating in the Auction will designate a single individual to be its spokesperson during the Auction.

    (g) Each Binding Offer Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Debtor or any other person, without the consent of the Receiver, regarding the Sale Process, that has not been disclosed to all other Binding Offer Bidders. For greater certainty, communications between the Stalking Horse Bidder and either the Debtor or the Receiver with respect to and in preparation of the Stalking Horse Agreement, the Sale Process and the Bidding Procedures, prior to the issuance of the Order and the commencement of the Sale Process will not represent collusion nor communications prohibited by this paragraph.

(h) Prior to the Auction, the Receiver will identify the highest and best of the Binding Offers received and such Binding Offers will constitute the opening bid for the purposes of the Auction (the "**Opening Bid**"). Subsequent bidding will continue in minimum increments valued at not less than $25,000.00 cash in excess of the Opening Bid. Each Binding Offer Bidder will provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price.

(i) All Binding Offer Bidders will have the right, at any time, to request that the Receiver announce, subject to any potential new bids, the then-current highest and best bid and, to the extent requested by any Binding Offer Bidder, use reasonable efforts to clarify any and all questions such Binding Offer Bidder may have regarding the Receiver's announcement of the then-current highest and best bid.

(j) Each participating Binding Offer Bidder will be given reasonable opportunity to submit an overbid at the Auction to any then-existing overbids. The Auction will continue until the bidding has concluded and there is one remaining Binding Offer Bidder. The Receiver shall determine which Binding Offer Bidders have submitted the highest and otherwise best Binding Offer of the Auction, which shall be a Successful Bid. The Receiver may consider any commercial factor in evaluating Binding Offers, including speed, certainty, value and preservation of employment. At such time and upon the conclusion of the bidding, the Auction will be closed, and the Binding Offer Bidder with the highest and otherwise best Binding Offer of the Auction will be a Successful Bidder.

(k) Upon selection of a Successful Bidder(s), if any, the Successful Bidder(s), if any, shall deliver to the Receiver an amended and executed transaction document that reflects their final bid and any other modifications submitted and agreed to during the Auction, prior to the filing of the motion material for the hearing to consider the Approval Motion.

(l) Any bids submitted after the conclusion of the Auction will not be considered.

(m) The Receiver shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.

32. A Successful Bid, if any, will be selected by no later than 5:00 p.m. (Eastern Time) on July 18, 2024 (or such later date immediately thereafter if the Auction is conducted and not completed in one day). If the applicable Successful Bid is terminated for any reason prior to the Outside Date, the Receiver may elect to, or by further order of the Court, seek to complete the transactions contemplated by the Stalking Horse Bid and will promptly seek to close the transaction contemplated by such Stalking Horse Bid, which will be deemed to be a Successful Bid. The Receiver will be deemed to have accepted such Stalking Horse Bid only when the Receiver has made such election.

Approval of Successful Bid

33. The Receiver will apply to the Court (the "**Approval Motion**") for one or more orders: (i) approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and (ii) granting a vesting order(s) to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) (collectively, the "**Approval Order(s)**"). The Approval Motion will be held on a date to be scheduled by the Debtor and confirmed by the Court upon application by the Debtor. With the consent of the Receiver, the Approval Motion may be adjourned or rescheduled by the Debtor without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list maintained in the NOI Proceedings prior to the Approval Motion. The Debtor will consult with the Receiver and the applicable Successful Bidder regarding the motion material to be filed by the Debtor for the Approval Motion.

34. All Binding Offers (other than the Successful Bid(s) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s)), with no further or continuing obligation of the Receiver to any unsuccessful Binding Offer Bidders, including the Stalking Horse Bidder.

Deposits

35. The Deposit(s):

(a) will, upon receipt from the Binding Offer Bidder(s), be retained by the Receiver and deposited in a non-interest-bearing trust account;

(b) received from the Successful Bidder(s) will:

(i) be applied to the purchase price to be paid by the applicable Successful Bidder whose Successful Bid is the subject of the Approval Order(s), upon closing of the approved transaction; and

(ii) otherwise be held and refunded in accordance with the terms of the definitive documentation in respect of the applicable Successful Bid, provided that all such documentation will provide that the Deposit will be retained by the Debtor and forfeited by the Successful Bidder, if its Successful Bid fails to close by the Outside Date and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of its Successful Bid; and

(c) received from the Binding Offer Bidder(s) that are not a Successful Bidder will be fully refunded to the Binding Offer Bidder(s) that paid the Deposit(s), as applicable, as soon as practical following the closing of the applicable Successful Bid.

"As is, Where is"

36. Any sale (or sales), including in the case of liquidation, of the Assets or the Business or

portions thereof will be on an "**as is, where is**" basis except for representations and warranties that are customarily provided in purchase agreements for a company subject to NOI Proceedings. Any such representations and warranties provided for in the definitive documents will not survive closing.

Confidentiality

37. For greater certainty, other than as required in connection with any Auction or Approval Motion, neither the Debtor nor the Receiver will disclose: (i) the identity of any Potential Bidder or Qualified Bidder (other than the Stalking Horse Bidder); or (ii) the terms of any bid, Sale Proposal, , Liquidation Proposal, or Binding Offer (other than the Stalking Horse Agreement), to any other bidder or any of its affiliates, except to the extent the Receiver, with the consent of such applicable parties is seeking to combine separate bids into Aggregated Bids. Potential Bidders, Qualified Bidders (including the Stalking Horse Bidder), Binding Offer Bidders and each of their respective affiliates shall not communicate with, or contact, directly or indirectly, any other Potential Bidder, Qualified Bidder (including the Stalking Horse Bidder), Binding Offer Bidder, or their respective affiliates, without the express written consent of the Receiver, and such communications or discussions are to take place under the supervision of the Receiver.

Further Orders

38. At any time during the Sale Process, the Debtor or the Receiver may apply to the Court for advice and directions with respect to any aspect of this Sale Process including, but not limited to, the continuation of or termination of the Sale Process or with respect to the discharge of its powers and duties hereunder.

Additional Terms

39. In addition to any other requirement of the Sale Process:

    (a) Any consent, approval or confirmation to be provided by the Stalking Horse Bidder, the Debtor and/or the Receiver is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the BIA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email will be deemed to have been provided in writing for the purposes of this paragraph.

    (b) Prior to seeking Court approval for any transaction or bid contemplated by this Sale Process, the Receiver will provide a report to the Court on the Sale Process, parts of which may be filed under seal, including in respect of any and all bids received.

40. This Sale Process does not, and will not be interpreted to create any contractual or legal relationship between the Receiver and any other party, other than as specifically set forth in the NDA or any other definitive agreement executed.

41. Notwithstanding anything to the contrary herein, the Receiver shall have no liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder (including the Stalking Horse Bidder), Binding Offer Bidder, Known Potential Bidder, Successful Bidder, or any other creditor or stakeholder, or any Applicant, as a result of implementation or otherwise in connection with this Sale Process, except to the extent that any such liabilities result from the gross negligence or willful misconduct of the Receiver, as determined by the Court, and all such persons or entities shall have no claim against the Receiver in respect of the Sale Process for any reason whatsoever.

APPENDIX "B"

The Receiver:

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of the Debtor
250 Fernand Dr. – Suite 403
Toronto, Ontario M3C 3G8

Attention: Adam Zeldin
Email: azeldin@albertgelman.com

with a copy to:

RECONSTRUCT LLP
200 Bay Street, Suite 2305 – PO Box 120
Toronto, Ontario M5J 2J3

Attention: Caitlin Fell
Email: cfell@reconstructllp.com

MILESTONE DISTRIBUTION 2024 LTD - and - **MILESTONE MARBLE & GRANITE LTD.**

Applicant Respondents

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

Court File No.: CV-24-00720368-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceedings commenced at **TORONTO**

ORDER (appointing Receiver)

LOOPSTRA NIXON LLP
130 ADELAIDE ST W – SUITE 2800
TORONTO, ON M5H 3P5

R. GRAHAM PHOENIX (LSO NO.: 52650N)
SHAHRZAD HAMRAZ (LSO NO.: 85218H)

T. 416.746.4710
F. 416.746.8319
E. GPHOENIX@LN.LAW / SHAMRAZ@LN.LAW

COUNSEL TO THE APPLICANT

TAB 2

Court File No. CV-24-00720368-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

B E T W E E N:

MILESTONE DISTRIBUTION 2024 LTD

Applicant

- and -

MILESTONE MARBLE & GRANITE LTD.

Respondent

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., c. C.43, AS AMENDED

AFFIDAVIT OF LAURA MOSCONE
(sworn May 30, 2024)

I, **LAURA MOSCONE**, of the city of Concord, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the vice-president of the applicant, Milestone Distribution 2024 Ltd. (the "**Applicant**"). As such, I have knowledge of the information contained herein. Where that information has been based upon information from others, I have stated the source of the information and believe it to be true.

2. This affidavit is sworn in support of an application by the Applicant for the appointment of Albert Gelman Inc. ("**Albert Gelman**") as receiver ("**Receiver**") of the property,

assets, and undertakings of the Respondent, Milestone Marble & Granite Ltd. (the "**Debtor**") and approval of a stalking horse sale process to market the business of the Debtor for sale.

OVERVIEW

3. The Debtor is an importer and supplier of custom marble and granite for construction projects across Canada. The Debtor operates out of a leased, mixed-use warehouse and office space in Concord, Ontario. The Debtor is a family business, founded by my husband, Frank Arlotta ("**Frank**") and presently run by me and Frank. Over the past ten years, my siblings and their spouses have withdrawn from the business, and Frank and I have not only operated the business but funded it as well.

4. My husband and I also control the Applicant, the senior secured creditor of the Debtor.

5. The Debtor is incapable of continuing without funding and I am not prepared to advance any more funding to the Debtor in its current state. Accordingly, the Applicant commenced this application with a view of bringing the business to market through the within receivership. On or about March 25, 2024, the Applicant made demand on the Debtor, requiring the payment of the then outstanding principal, interest and costs in the amount of $906,881.58 plus accruing interest thereafter by April 5, 2024. The Debtor could not make such payment.

6. As at May 30, 2024, the Debtor is indebted to the Applicant, as assignee, in the amount of $1,016,549.80 - for principal and interest, plus continuing interest thereafter as well as costs continuing to accrue. A statement of account, prepared by the Applicant, is attached hereto and marked as **Exhibit "A"**. As at the date of this affidavit, the Debtor has been unable to make any payment in respect of the debt.

7. Accordingly, the Applicant makes this application to the Court, to appoint Albert Gelman, a licensed insolvency trustee, as receiver of the assets, undertakings and properties of the Debtor, to preserve and protect the value of the Business (as defined herein), and to realize on the same for the benefit of all stakeholders – via a stalking horse marketing and sale process which will result in either (a) a sale for value on the open market or (b) the acquisition of the company by the Applicant under a credit bid.

PARTIES

8. The Debtor is a corporation incorporated under the laws of the Province of Ontario and has its registered office located in Concord, Ontario. A copy of the Corporate Profile in respect of the Debtor, obtained from the Ontario Ministry of Government Services, is attached hereto and marked as **Exhibit "B"**.

9. The Applicant is a corporation incorporated under the laws of the Province of Ontario and has its registered office located in Concord, Ontario. A copy of a corporate profile report in respect of the Applicant, obtained from the Ontario Ministry of Government Services, is attached hereto and marked as **Exhibit "C"**.

BACKGROUND

10. The Debtor is an importer and supplier of exotic stone (the "**Business**") and has been family owned and operated since September 19th, 2000. Since 2014, Frank and I have shared control and managed all operations of the Business. Our company, Group of Six Enterprises Ltd ("**Group of Six**"), is a 59% shareholder in the Debtor.

11. The original share structure of the Debtor was as follows:

(a) Group of Six - 35%;

(b) Basentana Holdings (operated by my sister and brother-in-law) - 35%;

(c) Perth Park (operated by my sister) - 15%; and

(d) Woolcott Holdings (operated by my brother) - 15%.

12. Over the years, Group of Six and I (in my personal capacity) have acquired shares in the Debtor from the other shareholders, resulting in the present share structure as follows:

(a) Group of Six – 59%,

(b) Woolcott Holdings - 15%,

(c) Basentana Holdings - 15%, and

(d) Laura Moscone - 11%.

13. Historically, Frank and I have been paid management fees through our management company Falcon Enterprises Corp. ("**Falcon**"). We have not taken management fees since February 2022, in an effort to support the Business during its financial troubles.

14. We have also funded the operations of the Debtor. We have done so in in three ways:

(a) I have personally advanced monies to support operations;

(b) our company, Group of Six Enterprises Ltd. ("**Group of Six**") has advanced monies to support operations; and,

(c) our management company, Falcon, has not only forgone payment of management fees but have also advanced monies to support operations.

FINANCIAL CHALLENGES

15. Financial challenges first arose due to general market conditions during the COVID-19 pandemic, including supply chain disruption and lockdowns (which halted constructions projects), and continued as the economy began its recovery. Additionally, in or about January 2023, the Royal Bank of Canada ("**RBC**") requested the Debtor's Line of Credit to be paid in full. The Debtor issued a cash call to its shareholders in order to pay RBC, which the other shareholders refused to participate in. As a result, only Frank and I, through Group of Six, funded.

16. In addition to the challenges posed by COVID, due to family disputes (discussed below), one of our largest customers, Moscone Marble & Granite (partly owned by Anthony and Nina Marrese) ceased ordering product from the Debtor. At their highest point, sales to Moscone Marble & Granite represented approximately $1.5M of the Debtor's annual orders. This loss of business – and the ongoing family dispute – only exacerbated the Debtor's financial issues.

DEBT & SECURITY

17. The Debtor is indebted to me, Falcon and Group of Six Enterprises Ltd. ("**Group of Six**", and together with me and Falcon, the "**Assignors**"), pursuant to promissory notes detailed below. Such indebtedness was assigned to the Applicant pursuant to assignment agreements dated February 29, 2024.

Promissory Notes

18. Pursuant to a promissory note dated May 3, 2023, Group of Six financed the principal amount of $171,000 to the Debtor, which bears interest at the rate of prime plus three percent (3%) per annum, calculated daily and payable monthly (the "**Group of Six Note**"). The total indebtedness to Group of Six as of February 29, 2024 was $182,425.

19. Pursuant to a promissory note dated May 3, 2023 (the "**Moscone Note**", and collectively with the Falcon Note and the Group of Six Note, the "**Notes**"), I advanced the principal amount of $31,900 to the Debtor, which bears interest at the rate of prime plus three percent (3%) per annum, calculated daily and payable monthly. In addition, I advanced a total of $199,295.77 in various advances to the Debtor, which remain unpaid. The Debtor's total indebtedness to me, as of February 29, 2024, was $489,373.

20. Pursuant to a promissory note dated August 30, 2019, Falcon financed the principal amount of $489,373 to the Debtor (the "**Falcon Note**"; and together with the Group of Six Note and the Moscone Note, the "**Notes**"). The total indebtedness to Falcon as of February 29, 2024 was $489,373.

21. As of the date of this affidavit, no payments have been made in respect of the Notes. Copies of the Notes are collectively attached hereto as **Exhibit "D"**.

Security

22. As security for the indebtedness, obligations, and liabilities owed by the Debtor to the Assignors pursuant to the Notes, the Debtor granted, among other things, the following security documents in favour of the Assignors:

(a) a General Security Agreement dated May 3, 2023 in favour of Group of Six, a copy of which is attached hereto and marked as **Exhibit "E"**; and

(b) a General Security Agreement dated May 3, 2023 in favour of me, a copy of which is attached hereto and marked as **Exhibit "F";** and

(c) a General Security Agreement dated August 30, 2019 in favour of Falcon, a copy of which is attached hereto and marked as **Exhibit "G"**

23. Pursuant to each General Security Agreement, in the event of default, the Assignor is entitled to, *inter alia*, appoint a receiver in writing and/or make an application to a court of competent jurisdiction for an order appointing a receiver over the assets of the Debtor.

ASSIGNMENT OF DEBT & SECURITY

24. Pursuant to three Assignment of Indebtedness and Security Agreements executed February 29, 2024 between the Applicant and each of the Assignors, the Applicant purchased the indebtedness of the Debtor owing to each of the Assignors, along with the Assignor's right, title and interest under their security, held and registered against the Debtor's property.

25. A copy of each Assignment of Indebtedness and Security Agreement is attached hereto and marked as **Exhibit "I"**. The assignments were registered under the PPSA.

OTHER CREDITORS

26. I am advised by Loopstra Nixon LLP, the Applicant's legal counsel, that the following financing statements were registered against the Debtor under the *Personal Property Security Act* (Ontario) ("**PPSA**") as of April 18, 2024.

(a) Royal Bank of Canada registered a financing statement against the Debtor on January 25, 2015 listing collateral classified as "inventory", "equipment", "accounts" and "other" and a general collateral description concerning a master lease agreement dated January 28, 2015 (this registration relates to the line of credit that was paid out and should have been discharged);

(b) Falcon registered a financing statement against the Debtor on August 30, 2019 listing collateral classified as “consumer goods”, “inventory”, “equipment”, and “accounts”, which was registered as assigned to the Applicant on April 5, 2024;

(c) Group of Six. Registered a financing statement against the Debtor on May 4, 2023 listing collateral classified as “inventory”, “equipment”, “accounts”, “other”, and “motor vehicle included”, which was registered as assigned to the Applicant on April 5, 2024; and,

(d) Laura Moscone registered a financing statement against the Debtor on May 4, 2023 listing collateral classified as “inventory”, “equipment”, “accounts”, “other”, and “motor vehicle included”, which was registered as assigned to the Applicant on April 5, 2024.

A copy of a search of the PPSA registry, current to April 18, 2024, is attached hereto and marked as **Exhibit “J”.**

DEMAND

27. On March 25, 2024, the Applicant made formal demand for payment of $906,881.58 for principal, interest, and fees owed by the Debtor to the Applicant in respect of the Notes as of March 25, 2024, and delivered a notice of intention to enforce its security under the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”). A copy of the demand letter and BIA notice is attached hereto and marked as **Exhibit “K”.**

28. The Debtor was given until April 5, 2024 to pay the full outstanding balance. the Applicant has received no payment from the Debtor since demand was made.

FAMILY LITIGATION

29. In addition to the financial challenges facing the Debtor the Debtor is also the subject of certain family shareholder litigation. Anthony and Nina Marrese (the "**Family Litigants**"), through their corporation MMG Stone Fabrication Ltd., have sued the Debtor, Falcon, Frank and me, alleging oppression. The fundamental claim advanced by the Family Litigants is that they own equity in the Debtors. A copy of the statement of claim is attached hereto and marked as **Exhibit "L".** For reasons discussed below and in the statement of defence, this claim is untenable.

30. My view is that the lawsuit is absurd and groundless, including – most importantly – (a) an allegation that Anthony Marrese was forcibly removed as a director - when, in fact, he resigned and (b) an allegation that the plaintiff retained a 9% interest in the Debtor – when, in fact, the shares were sold with the plaintiff's consent and the plaintiff was paid. A copy of the Anthony's signed resignation is attached hereto and marked as **Exhibit "M"**. A copy of the resolution (signed by Anthony) authorizing the sale transfer is attached hereto and marked as **Exhibit "N"**. In light of the foregoing, the Debtor and others filed a defence. A copy of the statement of defence is attached hereto and marked as **Exhibit "O".**

31. This lawsuit has resulted in extensive legal costs to the Debtor, distracted the Debtor from business activities and compounded the Debtor's financial stresses.

THE NEED FOR A RECEIVERSHIP

32. The Debtor is in default of its obligations to the Applicant; it has failed to make any payment on account of its indebtedness to the Applicant; and it is not in a financial position to make payment on account of its indebtedness.

33. Moreover, the Debtor requires an injection of cash to continue to operate, which I am not prepared to do given the uncertainty of the Business.

34. In these circumstances, the appointment of a receiver is necessary and appropriate to take control over and realize on the value of the Business. A receivership addresses the financial constraints of the Debtor, and will allow the Business to be marketed for sale for the benefit of all stakeholders.

PROPOSED STALKING SALE HORSE PROCESS

35. The Applicant has, in consultation the proposed Receiver, and subject to the approval of this Court, developed a detailed Stalking Horse Sale Process (the "**Sale Process**") to be administered by the Receiver and based around the proposed Stalking Horse Asset Purchase Agreement (the "**APA**") presented by the Applicant. A copy of the proposed APA is appended hereto as **Exhibit "P".** A copy of the proposed Sale Process is appended hereto as **Exhibit "Q".**

36. The Applicant requests approval of the APA and the Sale Process on this application, and each are summarized below.

The APA

37. The APA contemplates the acquisition of all assets and undertakings of the Debtor by the Applicant, the material terms of which are summarized as follows:

(a) the Applicant is to acquire all assets and undertakings of the Debtor on an “as is, where is” basis;

(b) the Applicant shall assume all obligations to Business Development Bank of Canada;

(c) the Applicant shall assume the lease of the Debtor’s warehouse and office space;

(d) the Applicant shall assume all employees;

(e) the Applicant shall credit bid all of its secured debt;

(f) the purchase price is estimated to be $1,100,000, comprising (i) the secured debt, (ii) the administrative costs of these proceedings and (iii) any priority payables; and

(g) the transaction will close expeditiously after court approval.

38. In addition to the foregoing, no break fee is sought in connection with the APA. Only a cost reimbursement of $25,000 is sought, (the “**Cost Reimbursement**”) in the event the Applicant is not the winning bidder in the Sale Process.

39. The APA was developed in consultation with the Receiver and the Receiver has had independent counsel validate the Applicant’s security. The Receiver has advised that it supports the APA and the Sale Process, as discussed below. I understand from counsel that the Receiver will be filing a “pre-filing report” providing more detail commentary on the same.

The Sale Process

40. The following is a summary of the Sale Process:

(a) the Sale Process will solicit offers for all assets and undertakings of the Debtor;

(b) the Sale Process will be administered by the Receiver (independent of the Applicant);

(c) subject Court approval for the Sale Process, the Receiver, in consultation with the Applicant, will immediately following Court approval, the Receiver, in consultation with the Applicant, will identify potentially interested parties;

(d) a "teaser" will go out to all such potentially interested parties and anyone requesting the same;

(e) the opportunity shall also be advertised in such forums as the Receiver deems appropriate;

(f) any party executing a non-disclosure and confidentiality agreement will be invited to review a virtual dataroom including the salient details of the business and assets of the Debtor;

(g) binding offers will be required by July 16, 2024 (the "Bid Deadline");

(h) all offers must be on an "as is, where is" basis and submitted on standard form asset purchase agreement, with changes blacklined to the standard form;

(i) all offers must be accompanied by a cash deposit in the amount of at least 10% of the purchase price made in such offer;

(j) only offerors submitting offers (i) on same or better terms than the APA and (ii) for a value equal or greater than the APA purchase price, plus the Cost Reimbursement ($25,000), shall be deemed to be "**Qualifying Offers**";

(k) the Receiver shall not disclose to the Applicant any information concerning any offer submitted in the Sale Process;

(l) the Receiver shall invite all parties submitting Qualifying Offers (which shall also be deemed to include the Stalking Horse Bidder) to participate in a live auction to select the winning bidder;

(m) once the winning bidder is selected, the Receiver shall apply to Court for final approval of the chosen sale transaction;

(n) the transaction shall close shortly following Court approval; and

(o) the Receiver, in its sole discretion, shall have the right to amend any term contemplated in the Sale Process, where the Receiver believes same to be appropriate.

41. The following is a summary of the material milestones and projected timelines of the SISP:

Milestone	**Deadline**
Go to market	No later than June 14, 2024
Bid Deadline	July 16, 2024
Auction (if necessary)	July 18, 2024

Hearing of the Sale Approval Motion / Transaction Execution Date	Subject to availability of the Court
Closing the Transaction (outside date)	No later than August 14, 2024

Notwithstanding the foregoing, the Sale Process and the draft order contemplates that the above deadlines may be extended, where the Receiver believes the same to be appropriate.

42. The Sale Process has been developed with the Receiver; and, I understand from counsel that the terms of the Sale Process are consistent with prevailing insolvency practices and will provide a transparent process to maximize value for the Debtor’s the stakeholders. The Applicant believes that, in the circumstances, the Sale Process is appropriate and reasonable.

OTHER GROUNDS

43. Albert Gelman is a licensed insolvency trustee and has consented to act a Receiver, if appointed by the Court. A copy of the consent of Albert Gelman is attached hereto and marked as **Exhibit “R”.**

44. This application is supported by Albert Gelman.

45. No party will be materially prejudiced if the relief sought herein is granted, including the Family Litigants. Their claims against the Debtor are unsecured and/or grounded in equity – if this process returns value to over and above the secured debt, they may have recourse against such proceeds. Their claims against partes other than the Debtors (namely Falcon, my husband and me) are not affected by the relief herein. Finally, they are entitled to participate int the Sale Process, should they wish.

46. The stalking horse Sale Process provides stability to the Debtor's business and certainty to the Company's customers, employees and other stakeholders that there is a going-concern solution. In addition, concurrent exposure of the Debtor's business to the open market, will, in my view, maximize value for the benefit of the Debtor's stakeholders.

47. I swear this affidavit in support of an application for the appointment of Albert Gelman as Court-appointed receiver of the Debtor, and for no other or improper purpose.

SWORN BEFORE ME via videoconference this 30 day of May 2024. The affiant was located in the City of Concord, in the Province of Ontario and the commissioner was located in the City of Toronto, in the Province of Ontario. This affidavit of commissioned remotely and administered in accordance with *Ontario Regulation 431/20*.	
A Commissioner for Taking Affidavits, etc.	**LAURA MOSCONE**
Shahrzad Hamraz	

TAB A

This is Exhibit “A” referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

Milestone Marble and Granite Ltd
Transaction Report
February 1, 2017 - February 16, 2024

Date	Transaction Type	#	Adj	Name	Memo/Description	Account	Split	Amount	Balance
ADVANCES TO/FROM FALCON ENTERPRISES									
31-05-2017	Journal Entry	1	No		Opening Balance	ADVANCES TO/FROM FALCON ENTERPRISES	-Split-	353,877.53	353,877.53
31-05-2018	Journal Entry	313436	No		allocate amounts advanced to Milestone by Laura, net of car insurance to Falcon	ADVANCES TO/FROM FALCON ENTERPRISES	-Split-	27,495.69	381,373.22
30-11-2018	Journal Entry	313437	No		HST on Management fees paid to falcon re laura in f2017	ADVANCES TO/FROM FALCON ENTERPRISES	-Split-	-1,790.10	379,583.12
31-12-2018	Journal Entry	313438	No		HST on Management fees paid to falcon re laura in f2017	ADVANCES TO/FROM FALCON ENTERPRISES	-Split-	-1,790.10	377,793.02
31-05-2020	Journal Entry	886092-3	No		To record unpaid fees to Falcon before HST (Current year 2020: $120,353, Pr. Yr. 2019: 151,647)	ADVANCES TO/FROM FALCON ENTERPRISES	-Split-	272,000.00	649,793.02
31-05-2022	Journal Entry	1726533-14	No		To clear prepaid related to 2019 transactions	ADVANCES TO/FROM FALCON ENTERPRISES	-Split-	93,520.00	743,313.02
31-05-2023	Journal Entry	2358817-8	No		Adjusting Accounting & Legal Fees to intercompany accts.	ADVANCES TO/FROM FALCON ENTERPRISES	-Split-	-5,650.00	737,663.02
Total for ADVANCES TO/FROM FALCON ENTERPRISES								**$ 737,663.02**	
TOTAL								**$ 737,663.02**	

Friday, Feb. 16, 2024 07:03:21 a.m. GMT-8

Milestone Marble and Granite Ltd
Transaction Report
February 1, 2017 - February 16, 2024

Date	Transaction Type	#	Adj	Name	Memo/Description	Account	Split	Amount	Balance
ADVANCES TO/FROM GROUP OF SIX									
23-05-2023	Deposit		No		Loan	ADVANCES TO/FROM GROUP OF SIX	BMO Bank - 3997-1965-006	171,100.00	171,100.00
31-05-2023	Journal Entry	2358817-8	No		Adjusting Accounting & Legal Fees to intercompany accts.	ADVANCES TO/FROM GROUP OF SIX	-Split-	-1,245.42	169,854.58
Total for ADVANCES TO/FROM GROUP OF SIX								**$ 169,854.58**	
TOTAL								**$ 169,854.58**	

Milestone Marble and Granite Ltd
Transaction Report
February 1, 2017 - February 16, 2024

Date	Transaction Type	#	Adj	Name	Memo/Description	Account	Split	Amount	Balance
ADVANCES TO/FROM SHAREHOLDERS									
01-09-2017	Journal Entry	4	No		to record deposits into US account	ADVANCES TO/FROM SHAREHOLDERS	-Split-	124.44	124.44
01-09-2017	Journal Entry	4	No		to record deposits into US account	ADVANCES TO/FROM SHAREHOLDERS	-Split-	31,106.25	31,230.69
31-05-2018	Journal Entry	313436	No		re-allocagte legal bill paid for 1442171	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-1,271.25	29,959.44
31-05-2018	Journal Entry	313436	No		re-allocate insurance on porche	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-3,735.00	26,224.44
31-05-2018	Journal Entry	313436	No		allocate amounts advanced to Milestone by Laura, net of car insurance to Falcon	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-27,495.69	-1,271.25
13-07-2018	Journal Entry	275118	No		to record US funds deposited by Frank and Laura	ADVANCES TO/FROM SHAREHOLDERS	-Split-	40,500.00	39,228.75
13-07-2018	Deposit		No	Laura Moscone		ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	10,000.00	49,228.75
17-07-2018	Journal Entry	261472	No		Returned Cheque Laura Moscone	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-10,000.00	39,228.75
18-07-2018	Journal Entry	261473	No		Replaced NSF cheque Laura Moscone	ADVANCES TO/FROM SHAREHOLDERS	-Split-	10,000.00	49,228.75
15-11-2018	Cheque Expense		No	Laura Moscone	CHQ 25	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	-4,000.00	45,228.75
19-11-2018	Deposit		No	Laura Moscone		ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	4,000.00	49,228.75
31-01-2019	Deposit		No	Laura Moscone	Loan from Frank and Laura	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	20,000.00	69,228.75
28-05-2019	Expense		No	Laura Moscone		ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	-9,034.80	60,193.95
31-05-2019	Journal Entry	571971	No		YE - To correct opening balance in Intco. and SH Loan account to actual	ADVANCES TO/FROM SHAREHOLDERS	-Split-	1,271.25	61,465.20
31-05-2019	Journal Entry	571973	No		YE - Reallocate duplicate posting for Accounting Fees re: 1442172 Ontario (reimb to Laura)	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-910.19	60,555.01
17-06-2019	Deposit		No	CROWN CREST CORP 2		ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	0.00	60,555.01
16-07-2019	Journal Entry	455252	No			ADVANCES TO/FROM SHAREHOLDERS	-Split-	-1,000.00	59,555.01
18-07-2019	Journal Entry	571965	No		Royal Foreign Exchange Withdrawl	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-1,000.00	58,555.01
25-07-2019	Expense		No	Laura Moscone	Purchase of Euros - Later Reimbursed	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	-22,014.00	36,541.01
25-07-2019	Deposit		No	Laura Moscone	Advance	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	20,000.00	56,541.01
13-09-2019	Deposit		No	Laura Moscone	Loan From Laura Moscone	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	25,000.00	81,541.01
13-11-2019	Deposit		No	Laura Moscone	DEPOSIT 247	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	10,000.00	91,541.01
13-12-2019	Deposit		No	Laura Moscone	Shareholder Loan	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	5,000.00	96,541.01
19-12-2019	Journal Entry	539393	No		Loan from Laura	ADVANCES TO/FROM SHAREHOLDERS	-Split-	10,000.00	106,541.01
09-01-2020	Journal Entry	539392	No		Cash Call	ADVANCES TO/FROM SHAREHOLDERS	-Split-	12,600.00	119,141.01
13-01-2020	Deposit		No	Laura Moscone	DEPOSIT 337	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	10,000.00	129,141.01
31-05-2020	Journal Entry	571972	No		Reallocate duplicate posting for Accounting Fees re: 1442172 Ontario (reimb to Laura)	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-910.19	128,230.82
31-05-2020	Journal Entry	886092-3	No		To record additional deposit paid by sharholder per email 8/19/2020	ADVANCES TO/FROM SHAREHOLDERS	-Split-	33,338.50	161,569.32
31-05-2022	Journal Entry	1726533-14	No		Adjust Accounting Fees to Shareholder Loan	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-2,226.55	159,342.77
31-05-2022	Journal Entry	1726533-14	No		To writeoff overpayment amount to Falcon Enterprises -Cash draw not received by Falcon	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-3,700.00	155,642.77
29-06-2022	Deposit		No	Laura Moscone		ADVANCES TO/FROM SHAREHOLDERS	RBC US$ - Bank Account	9,755.00	165,397.77

14-09-2022	Deposit		No		Payable to Frank - re Interglobo	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	8,000.00	173,397.77
01-12-2022	Deposit		No		DEPOSIT 476	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	15,000.00	188,397.77
01-12-2022	Bill	1EURO 12/2022	No	Laura Moscone	L.Moscone paid the rent on behalf of Milestone	ADVANCES TO/FROM SHAREHOLDERS	ACCOUNTS PAYABLE	-15,000.00	173,397.77
03-01-2023	Deposit		No	Laura Moscone	Advance from Laura	ADVANCES TO/FROM SHAREHOLDERS	RBC - Bank Account (deleted)	5,000.00	178,397.77
23-05-2023	Deposit		No		Loan From Laura	ADVANCES TO/FROM SHAREHOLDERS	BMO Bank - 3997-1965-006	31,900.00	210,297.77
31-05-2023	Journal Entry	2197579-4	No		Reverse F2022 AE adj.	ADVANCES TO/FROM SHAREHOLDERS	-Split-	3,700.00	213,997.77
31-05-2023	Bill		No	FALCON ENTERPRISES	Clear Balance - AE F2022	ADVANCES TO/FROM SHAREHOLDERS	ACCOUNTS PAYABLE	-3,700.00	210,297.77
31-05-2023	Journal Entry	2358817-8	No		Re-class Shareholder payable in AP	ADVANCES TO/FROM SHAREHOLDERS	-Split-	98,684.66	308,982.43
01-06-2023	Journal Entry	2358817-9	No		Reverse re-class ADJE for 2023	ADVANCES TO/FROM SHAREHOLDERS	-Split-	-98,684.66	210,297.77
01-06-2023	Cheque Expense		No	Laura Moscone	MILESTONE MARBLE & GRANITE LTD. to Pay Back L. Moscone as she paid with her Visa	ADVANCES TO/FROM SHAREHOLDERS	BMO Bank - 3997-1965-006	-9,040.00	201,257.77
16-02-2024	Journal Entry	2358817-11	No		Payment Made by Laura to Magraf -Slab Purchase	ADVANCES TO/FROM SHAREHOLDERS	-Split-	29,928.00	231,185.77
Total for ADVANCES TO/FROM SHAREHOLDERS								**$ 231,185.77**	
TOTAL								**$ 231,185.77**	

TAB B

This is Exhibit “B” referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____

A Commissioner, etc.

Transaction Number: APP-A10427520080
Report Generated on April 01, 2024, 15:15

Ontario

Ministry of Public and
Business Service Delivery

Profile Report

MILESTONE MARBLE & GRANITE LTD. as of April 01, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	MILESTONE MARBLE & GRANITE LTD.
Ontario Corporation Number (OCN)	1440055
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	September 19, 2000
Registered or Head Office Address	8181 Jane Street, Unit #2, Concord, Ontario, L4K 5P2, Canada

Active Director(s)

Minimum Number of Directors	1
Maximum Number of Directors	10

Name	FRANK ARLOTTA
Address for Service	1 Yorkville Avenue, Suite 2101, Toronto, Ontario, M4W 0B1, Canada
Resident Canadian	Yes
Date Began	September 19, 2000

Name	LAURA MOSCONE
Address for Service	1 Yorkville Avenue, Suite 2101, Toronto, Ontario, M4W 0B1, Canada
Resident Canadian	Yes
Date Began	March 28, 2014

Active Officer(s)

Name	FRANK ARLOTTA
Position	President
Address for Service	1 Yorkville Avenue, Suite 2101, Toronto, Ontario, M4W 0B1, Canada
Date Began	September 20, 2009

Name	ANTHONY J MARRESE
Position	Treasurer
Address for Service	58 Humberwood Gate, Woodbridge, Ontario, L4L 9E2, Canada
Date Began	March 28, 2014

Name	LAURA MOSCONE
Position	Secretary
Address for Service	1 Yorkville Avenue, Suite 2101, Toronto, Ontario, M4W 0B1, Canada
Date Began	January 01, 2011

Name	LAURA MOSCONE
Position	Vice-President
Address for Service	1 Yorkville Avenue, Suite 2101, Toronto, Ontario, M4W 0B1, Canada
Date Began	March 28, 2014

Corporate Name History

Name	MILESTONE MARBLE & GRANITE LTD.
Effective Date	September 19, 2000

Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: LAURA MOSCONE	May 17, 2023
Annual Return - 2020 PAF: FRANK ARLOTTA - DIRECTOR	November 29, 2020
Annual Return - 2019 PAF: FRANK ARLOTTA - DIRECTOR	December 15, 2019
Annual Return - 2018 PAF: FRANK ARLOTTA - DIRECTOR	October 21, 2018
Annual Return - 2017 PAF: FRANK ARLOTTA - DIRECTOR	December 17, 2017
Annual Return - 2016 PAF: FRANK ARLOTTA - DIRECTOR	December 04, 2016
Annual Return - 2015 PAF: FRANK ARLOTTA - DIRECTOR	November 29, 2015
Annual Return - 2014 PAF: FRANK ARLOTTA - DIRECTOR	December 13, 2014
CIA - Notice of Change PAF: JOSEPH NATALE - OTHER	April 01, 2014
Annual Return - 2013 PAF: FRANK ARLOTTA - DIRECTOR	November 30, 2013
Annual Return - 2012 PAF: FRANK ARLOTTA - DIRECTOR	November 03, 2012
Annual Return - 2011 PAF: FRANK ARLOTTA - DIRECTOR	November 27, 2011
CIA - Notice of Change PAF: AUSTIN PERSICO - OTHER	April 26, 2011

CIA - Notice of Change PAF: AUSTIN PERSICO - OTHER	April 21, 2011
CIA - Notice of Change PAF: AUSTIN PERSICO - OTHER	April 21, 2011
Annual Return - 2010 PAF: LAURA MOSCONE - DIRECTOR	December 18, 2010
Annual Return - 2009 PAF: FRANK ARLOTTA - DIRECTOR	November 21, 2009
Annual Return - 2008 PAF: FRANK ARLOTTA - OTHER	January 24, 2009
Annual Return - 2007 PAF: FRANK ARLOTTA - OTHER	January 12, 2008
Annual Return - 2006 PAF: OTHER	June 16, 2007
Annual Return - 2006 PAF: FRANK ARLOTTA - OTHER	December 30, 2006
Annual Return - 2005 PAF: FRANK ARLOTTA - OTHER	March 11, 2006
Annual Return - 2004 PAF: FRANK ARLOTTA - OTHER	January 16, 2005
Annual Return - 2003 PAF: FRANK ARLOTTA - OTHER	February 15, 2004
CIA - Notice of Change PAF: RUDY A. BIANCHI - OTHER	February 24, 2003
Annual Return - 2002 PAF: ANTHONY MARRESE - OTHER	February 16, 2003
Annual Return - 2001 PAF: ANTHONY MARRESE - OTHER	January 13, 2002
CIA - Initial Return PAF: RUDY A. BIANCHI - OTHER	November 23, 2000

BCA - Articles of Incorporation	September 19, 2000

All “PAF” (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

TAB C

This is Exhibit “C” referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

Transaction Number: APP-A10378443609
Report Generated on February 06, 2024, 14:05

Ontario

Ministry of Public and
Business Service Delivery

Profile Report

MILESTONE DISTRIBUTION 2024 LTD. as of February 06, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	MILESTONE DISTRIBUTION 2024 LTD.
Ontario Corporation Number (OCN)	1000751405
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	January 03, 2024
Registered or Head Office Address	8181 Jane St, 2, Concord, Ontario, Canada, L4K5P2

Active Director(s)

Minimum Number of Directors	1
Maximum Number of Directors	10

Name	FRANK ARLOTTA
Address for Service	1 Yorkville Ave, 2101, Toronto, Ontario, Canada, M4W0B1
Resident Canadian	Yes
Date Began	January 03, 2024

Name	LAURA MOSCONE
Address for Service	1 Yorkville Ave, 2101, Toronto, Ontario, Canada, M4W0B1
Resident Canadian	Yes
Date Began	January 03, 2024

Active Officer(s)

There are no active Officers currently on file for this corporation.

Corporate Name History

Name	MILESTONE DISTRIBUTION 2024 LTD.
Effective Date	January 03, 2024

Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Document List

Filing Name	Effective Date
BCA - Articles of Incorporation	January 03, 2024

TAB D

This is Exhibit “” referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

DEMAND PROMISSORY NOTE

(the "**Note**")

To:	**FALCON ENTERPRISES CORP.** **8181 Jane Street, Unit 2, Concord, Ontario L4K**	**Principal Amount:**	**$381,373.00**
		Due:	**ON DEMAND**

FOR VALUE RECEIVED, the undersigned, **MILESTONE MARBLE & GRANITE LTD.** (the "**Debtor**") hereby acknowledges its indebtedness and promises to pay to or to the order of **FALCON ENTERPRISES CORP.** (the "**Holder**"), at the address set out above or at such other place as the Holder may designate, the sum of <u>THREE HUNDRED EIGHTY-ONE THOUSAND THREE HUNDRED SEVENTY-THREE DOLLARS</u> (**$381,373.00**) in lawful money of Canada as set forth herein.

1. <u>Payment</u>. This Note shall be repaid in full by the Debtor immediately upon written demand by the Holder.

2. <u>Interest</u>. The principal amount hereof shall not bear interest until default. Upon default, the outstanding principal amount and interest thereon remaining from time to time unpaid and outstanding shall bear interest from the date of such default to and including the date of payment in full at a rate of seven percent (7%) per annum calculated and payable monthly, not in advance, both before and after judgment. The covenant to pay interest shall not merge on the taking of a judgment or judgments with respect to any of the obligations herein stipulated.

3. <u>Application of Payments</u>. All payments by the Debtor to the Holder shall be applied firstly to accrued and unpaid interest, if applicable, and secondly to the unpaid balance of the principal amount.

4. <u>Pre-Payment</u>. The Debtor shall have the right to pay any or all amounts owing hereunder at any time without notice, bonus, or penalty.

5. <u>Limitation Period</u>. The Debtor agrees that the applicable limitation period with respect to the obligations contained herein is hereby varied by agreement of the Debtor and the Holder in accordance with Section 22 of the *Limitations Act, 2002*, S.O. c. 24 Sched. B (as may be amended or supplemented from time to time), such that the period shall be fifteen (15) years and, to the extent permitted by law, shall begin to run on the date of demand by the Holder pursuant to section 1 of this Note.

6. <u>Waiver</u>. The Debtor hereby waives presentment for payment, notice of non-payment, protest and notice of protest, and any other condition precedent to action against the Debtor for the payment of this Note. The failure of the Holder to exercise any of the Holder's rights hereunder in any instance shall not constitute a waiver thereof in that or any other instance.

7. <u>Enurement</u>. This Note enures to the benefit of the Holder and the Holder's successors and assigns, and is binding upon the Debtor and the Debtor's successors.

8. <u>Severability</u>. In the event that any one or more of the provisions of this Note is held to be illegal, invalid, or unenforceable in any respect, same shall not in any respect affect the validity, legality, or enforceability of the remainder of this Note.

9. <u>Governing Law</u>. This Note is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

DATED the 30th day of August, 2019.

MILESTONE MARBLE & GRANITE LTD.

Frank Arlotta – President

Laura Moscone – Secretary

We have authority to bind the corporation.

PROMISSORY NOTE

Principal Amount: CAD $171,100.00 **Date:** May , 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this promissory note (the "**Note**"), Milestone Marble & Granite Ltd. (the "**Debtor**"), a corporation incorporated under the *Business Corporations Act* (Ontario), hereby unconditionally promises to pay, on demand, to or to the order of Group of Six Enterprises Ltd. (the "**Creditor**"), in the currency of Canada, the principal sum of **ONE HUNDRED AND SEVENTY-ONE THOUSAND ONE HUNDRED DOLLARS (CAD $171,100.00)** (the "**Principal Amount**").

The Principal Amount outstanding under this Note and any other amounts due and owing hereunder from time to time shall bear interest at the rate of prime (as determined by the Bank of Canada from time to time) plus three percent (3%) per annum, calculated daily and payable monthly (the "**Interest**") until all amounts owing hereunder have been repaid in full.

The Debtor shall have the right, at any time and from time to time, of paying all or part of the Principal Amount and the Interest without notice, bonus or penalty. The Creditor may at any time and from time to time direct the Debtor in writing to make any payment which is due and payable to any person and the Debtor shall comply with such written direction.

Upon the commencement by or against the Debtor of any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding relating to the Debtor or its debts in any jurisdiction, the unpaid principal amount of this Note and all interest accrued thereon shall become immediately due and payable without presentment, demand, protest or notice of any kind.

The Debtor hereby expressly waives notice of presentment, notice of dishonour, protest and all other notices whatsoever required by law to be given to the undersigned in connection with the delivery, acceptance, performance, default or enforcement of this Note. The Debtor agrees that no waiver of any term or condition of this Note by the Creditor or any other person shall affect or impair any other obligations of the Debtor under this Note or, in respect of a failure to act, be construed as being a waiver by the Creditor or that other person of its rights under this Note.

This Note shall be governed by the laws of the Province of Ontario and the federal laws of, which laws shall be applicable to the interpretation, construction and enforcement hereof.

DATED the 3 day of May, 2023.

MILESTONE MARBLE & GRANITE LTD.

Per: ____________________
Name: Frank Arlotta
Office: Director & President
I have authority to bind the corporation.

Per: ____________________
Name: Laura Moscone
Office: Director, Vice President & Secretary
I have authority to bind the corporation.

PROMISSORY NOTE

Principal Amount: CAD $31,900.00 **Date:** May 3 , 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this promissory note (the "**Note**"), Milestone Marble & Granite Ltd. (the "**Debtor**"), a corporation incorporated under the *Business Corporations Act* (Ontario), hereby unconditionally promises to pay, on demand, to or to the order of Laura Moscone (the "**Creditor**"), in currency of Canada, the principal sum of **THIRTY-ONE THOUSAND NINE HUNDRED DOLLARS (CAD $31,900.00)** (the "**Principal Amount**").

The Principal Amount outstanding under this Note and any other amounts due and owing hereunder from time to time shall bear interest at the rate of prime (as determined by the Bank of Canada rom time to time) plus three percent (3%) per annum, calculated daily and payable monthly (the "**Interest**") until all amounts owing hereunder have been repaid in full.

The Debtor shall have the right, at any time and from time to time, of paying all or part of the Principal Amount and the Interest without notice, bonus or penalty. The Creditor may at any time and from time to time direct the Debtor in writing to make any payment which is due and payable to any person and the Debtor shall comply with such written direction.

Upon the commencement by or against the Debtor of any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding relating to the Debtor or its debts in any jurisdiction, the unpaid principal amount of this Note and all interest accrued thereon shall become immediately due and payable without presentment, demand, protest or notice of any kind.

The Debtor hereby expressly waives notice of presentment, notice of dishonour, protest and all other notices whatsoever required by law to be given to the undersigned in connection with the delivery, acceptance, performance, default or enforcement of this Note. The Debtor agrees that no waiver of any term or condition of this Note by the Creditor or any other person shall affect or impair any other obligations of the Debtor under this Note or, in respect of a failure to act, be construed as being a waiver by the Creditor or that other person of its rights under this Note.

This Note shall be governed by the laws of the Province of Ontario and the federal laws of, which laws shall be applicable to the interpretation, construction and enforcement hereof.

DATED the 3 day of May, 2023.

MILESTONE MARBLE & GRANITE LTD.

Per: ______________________
Name: Frank Arlotta
Office: Director & President
I have authority to bind the corporation.

Per: ______________________
Name: Laura Moscone
Office: Director, Vice President & Secretary
I have authority to bind the corporation.

TAB E

This is Exhibit "E" referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____

A Commissioner, etc.

General Security Agreement

TO: Group of Six Enterprises Ltd. (the "**Secured Party**")

GRANTED BY: Milestone Marble & Granite Ltd. (the "**Grantor**")

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor agrees with the Secured Party as follows:

1. Security Interest

The Grantor hereby grants to the Secured Party a security interest in, and assigns (other than with respect to trade-marks), mortgages, charges, and pledges (collectively, the "**Security Interest**") to the Secured Party, all property of the Grantor, including all property of the kind hereinafter described below, in which the Grantor now has, or hereafter acquires, any right, title or interest, and accretions and successions therein (collectively called the "**Collateral**"):

(a) **Intangibles**. All intangible property not otherwise described in this Section 1, including all contractual rights and insurance claims, options, permits, licences, quotas, subsidies, franchises, orders, judgments, patents, trademarks, trade names, trade secrets and know-how, inventions, goodwill, copyrights and other intellectual property of the Grantor, including any right or licence to use intellectual property belonging to a third party (collectively called "**Intangibles**");

(b) **Chattel Paper and Documents of Title**. All chattel paper and all warehouse receipts, bills of lading, and other documents of title, whether negotiable or not;

(c) **Deposits and Credit Balances**. All monies and credit balances, including interest due thereon, which are now or may hereafter from time to time be on deposit with or standing to the credit of the Grantor with the Secured Party or any other bank, financial institution, or other Person;

(d) **Banks and Records**. All deeds, documents, writings, papers, books of account and other books and records in any form, electronic or otherwise, relating to or evidencing any of the Collateral;

(e) **Accounts and Book Debts**. All debts, accounts, claims and choses in action for moneys now due or owing or accruing due or which may hereafter become due or owing to the Grantor, including claims against the Crown in right of Canada or of any province, moneys which may become payable under any policy of Insurance (collectively called "**Accounts and Book Debts**"), together with all contracts, securities, bills, notes, lien notes, judgments, mortgages, letters of credit and advices of credit, and all other rights, benefits and documents which are now or which may be taken, vested in or held by the Grantor in respect of or as security for the Accounts and Book Debts or any part thereof, and the full benefit and advantage thereof and all rights or actions, claims or demands which the Grantor now has or may hereafter have in respect of the foregoing;

(f) **Equipment.** All tools, machinery, apparatus, equipment, vehicles, furniture, plants, fixtures, and other tangible personal property, other than Inventory, wherever situate (collectively called "**Equipment**");

(g) **Inventory**. All goods forming the inventory of the Grantor, of whatever kind and wherever located, whether raw material, work in process or finished goods held for sale, lease or resale, or furnished or to be furnished under contracts for service or used or consumed in the business of the Grantor, goods used in or procured for packing or packaging, timber cut or to be cut, oil, gas and minerals extracted or to be extracted, all livestock and the young thereof after conception and all crops which become such within one (1) year after the date of execution of this Agreement (collectively called "**Inventory**");

(h) **Instruments**. All bills, notes, cheques, letters of credit and other instruments, whether negotiable or not (collectively called "**Instruments**");

(i) **Securities**. All shares, stocks, warrants, options, bonds, debentures, debenture stock and all other securities and investment property of any kind and all instruments, whether negotiable or non-negotiable, and interest thereon and dividends. whether in shares, money or property, received or receivable upon or in respect of any securities and other investment property and all money or other property paid or payable on account of any return on, or repayment of, capital in respect of any securities or otherwise distributed or distributable in respect thereof or that will in any way be charged to, or be payable out of or in respect of, the capital of the issuer or the securities (collectively called "**Securities**");

(j) **Real Property**. All real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively called "**Real Property**"), and all rights under any lease or agreement relating to Real Property; and

(k) **Proceeds**. All proceeds of the property described above, including any property in any form derived directly or indirectly from any use or dealing with the property described above or the proceeds therefrom or that indemnities or compensates for damage or loss to such property or the proceeds therefrom, including the money held in banks, financial institutions or any other Person (collectively called "**Proceeds**").

Provided that:

(a) the Security Interest does not and will not extend to, and the Collateral will not include, any agreement, lease, right, franchise, licence or permit (the "**contractual rights**") to which the Grantor is a party or of which the Grantor has the benefit, to the extent that the Security Interest would permit any person to terminate the contractual rights unless the consent of one or more persons has been obtained and until such consent has been obtained, which the Grantor agrees it will use commercially reasonable efforts to obtain if requested by the Secured Party, the Grantor agrees to hold its interest therein in trust for the Secured Party, and notwithstanding the foregoing, contractual rights shall not include any account or chattel paper; and

(b) with respect to Real Property, (a) the Security Interest granted hereby is constituted by way of a floating charge, but will become a fixed charge upon the earlier of the Obligations becoming immediately payable, and the occurrence of any other event that by operation of law would result in such floating charge becoming a fixed charge; and (b) the assignment, mortgage and charge granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Grantor will hold such last day in trust for the Secured Party and, upon the enforcement by the Secured Party of its Security Interest, will assign such last day an directed by the Secured Party.

2. Obligations Secured

The Security Interest secures the payment and performance of all present and future obligations of the Grantor to the Secured Party, including all debts and liabilities, direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred, whether incurred before, at the time of, or after the execution of this Agreement, whether the indebtedness and liability is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether arising from dealings between the Secured Party and the Grantor or from other dealings or proceedings by which the Secured Party may be or become in any manner whatsoever a creditor of the Grantor, and in any currency, whether incurred by the Grantor alone or with another or others and whether as a principal or surety, including all interest thereon and all amounts owed try the Grantor under this Agreement for fees, costs and expenses and in respect of indemnities granted under this Agreement (collectively called the "**Obligations**").

3. Definitions

(a) Any word or term that is not otherwise defined in this Agreement shall have the meaning given to it in the *Personal Property Security Act* (Ontario), as amended from time to time, and being referred to in this Agreement as the "**PPSA**". Any reference herein to "**Collateral**" shall, unless the context requires otherwise, be deemed to be a reference to "**Collateral or any part thereof**".

(b) The following terms shall have the respective meanings set out below:

(i) "**Business Day**" means any day other than a Saturday, Sunday to statutory holiday in the Province of Ontario.

(ii) "**Control Agreement**" means:

(A) with respect to any uncertificated security, an agreement between the issuer of such uncertificated security and any Person whereby such issuer agrees to comply with instructions that are originated by such Person in respect of such uncertificated security, without the further consent of the Grantor, and

(B) with respect to any securities account or security entitlement, an agreement between the securities intermediary which maintains the particular securities account to which security entitlements included in the Collateral relate and any Person whereby such securities intermediary agrees to comply with any entitlement orders with respect to such securities accounts or security entitlements that are originated by such Person, without the further consent of the Grantor.

(iii) "**Person**" means any individual, sale proprietorship, joint venture, partnership, corporation, company, firm, association, co-operative, estate, government, government agency, regulator, authority, trust, or any entity of any nature.

4. Representations and Warranties

The Grantor hereby represents and warrants with the Secured Party and so long as this Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) **Location of Head Office.** The address of the Grantor's chief executive office and the office where it keeps its records respecting the Accounts and Book Debts is 8181 Jane Street, Unit 2, Concord, Ontario L4K 5P1 (the "**Head Office**").

(b) **Location of Collateral.** The Collateral which is goods is or will be located at the Head Office or such locations as have been agreed to by the Secured Party in writing for:

(i) goods in transit to such locations; and

(ii) Inventory on lease or consignment, but including all fixtures, crops, oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral;

(c) **Collateral Free and Clear.** The Collateral (other than Real Property) is the sole property of the grantor free and clear of all security interests, liens, charges, mortgages, hypothecs, leases, licenses, infringements by third parties, encumbrances, statutory liens or trusts, other adverse claims or interests, or any rights of others, except for those security interests which are expressly approved by the Secured Party in writing prior to their creation or assumption;

(d) **Amounts of Accounts.** Each Account and Book Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "**Account Debtor**") and the amount represented by the Grantor to the Secured Party from time to time as owing by the Account Debtor or by all Account Debtors will be the correct amount unconditionally owing by such Account Debtor or Account Debtors, and no Account Debtor will have any defence, set-off, claim or counterclaim against the Grantor which can be asserted against the Secured Party, whether in any proceeding to enforce Collateral or otherwise;

(e) **Status and Binding Obligation.** The Grantor:

(i) if a corporation or company, has been duly incorporated, amalgamated or continued, as the case may be, and is validly existing as a corporation or company, as the case may be, under the laws of its jurisdiction of incorporation, amalgamation or continuance, as the case may be;

(ii) if not a corporation or company, has been duly created or established as a partnership, limited partnership or other entity and validly exists under the laws of the jurisdiction in which it has been created or established; and

(iii) is duly qualified to carry on business and own property in each jurisdiction where it carries on business or where any of its property is located. The Grantor has adequate power, capacity and authority to carry on its business, own property, borrow monies and enter into agreements, therefore, execute and deliver this Agreement, and perform its obligations under this Agreement, which Agreement constitutes a legally valid and binding obligation of the Grantor enforceable in accordance with its terms. The making of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Grantor pursuant to any agreement, indenture or other instrument to which the Grantor is a party or by which the Grantor or any of its property may be bound or affected.

(f) **Intellectual Property.** All intellectual property applications and registrations are valid, subsisting, unexpired, enforceable, in good standing and have not been abandoned and the Grantor is the owner of the applications and registrations.

5. Covenants

The Grantor covenants and agrees with the Secured Party that;

(a) **Place of Business and location of Collateral.** The grantor shall not change its name or the location of its Head Office, amalgamate with any other Person, or move any of the Collateral from the Head Office, other than in accordance with clause 5(g), without the prior written consent or the Secured Party;

(b) **Notification.** The Grantor shall notify the Secured Party promptly of:

(i) any change in the information contained herein relating to the Grantor, the Grantor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting the Grantor or the Collateral and will furnish the Secured Party with copies of the details of such claims or litigation;

(iv) any loss or damage to Collateral or any material adverse change in the value of Collateral; and

(v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral.

(c) **Performance of Obligations.** The Grantor shall observe and perform all of its obligations under all material leases, licenses, undertakings and agreements to which it is a party, obtain and preserve its rights, powers, licenses, privileges, franchises and goodwill thereunder, and comply with all applicable laws, by-laws, rules regulations and ordinances in a proper and efficient manner so as to preserve and protect the Collateral and the business and undertaking of the Grantor in all material respects. The Grantor shall also pay all rents, taxes, rates, levies, assessments and government fees or dues levied, assessed or imposed in respect of the Collateral and other charges or any part thereof as and when the same become due and payable, and shall provide to the Secured Party, when requested, the receipts and vouchers evidencing payment;

(d) **Limitations on Discounts, Extensions and Compromises.** The Grantor shall not grant any extension of time for payment of any Accounts or Book Debts, or compromise, compound or settle any Accounts or Book Debts for less than the full amount, or release, wholly or partially, any Person liable for the payment of any Accounts or Book Debts, or allow any credit or discount of any Account or Book Debt, other than in the ordinary course of business of the Grantor and consistent will industry practices;

(e) **Payment of Fees and Expenses.** The Grantor will pay the Secured Party on demand all costs, fees and expenses (including legal fees on a solicitor and his own client basis) incurred by the Secured Party in the preparation, execution, registration and perfection of this Agreement and the carrying out of any of the provisions of this Agreement, including, protecting and preserving the Security Interest and enforcing by legal processor or otherwise the remedies provided herein. All such costs and expenses payable by the Grantor to the Secured Party shall bear interest from time to time at the highest interest rate then applicable in any of the Obligations, calculated and compounded monthly, and shall be added to and form part of the Obligations secured hereunder.

(f) **Maintenance and Protection of Collateral/No Fixtures.** The Grantor shall care for, protect and preserve the Collateral and not permit its value to be impaired and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party. The Grantor shall keep the Collateral in good order, condition and repair and shall not use the Collateral in violation of the provisions of this Agreement or any other agreement relating in the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance. The Grantor will keep all licences, permits, agreements, registrations and applications relating to intellectual property used by Grantor in its business in good standing, unless otherwise agreed to in writing by the Secured Party. The Grantor shall apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so. The Grantor shall defend title in the Collateral against all claims and demands of all other Persons claiming the same or an interest therein and shall diligently initiate and prosecute legal action against every Person who infringes upon the Grantor's rights in intellectual property;

(g) **Dealing with Collateral.**

(i) The Grantor will not sell, lease, transfer, assign, deliver or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party, except that the Grantor may, until an event of default as hereinafter provided occurs, deal with any Inventory or Real Property (other than fixtures financed by the Secured Party and any replacements or substitutions therefor) in the ordinary course of business so that the purchaser thereof takes title thereto free and clear of the Security Interest;

(ii) All Proceeds shall continue to be subject to the Security Interest, granted hereby and all money received by the Grantor as Proceeds, other than from the sale of Inventory, shall be received as trustee for the Secured Party and shall be held separate and apart from other money of the Grantor, and shall be paid over to the Secured Party upon request;

(iii) All money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Obligations as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Secured Party may be released to the Grantor, all without prejudice to the Secured Party's rights against the Grantor;

(iv) Before an event of default occurs hereunder, the Secured Party may give notice of this Agreement and the Security Interest in any Account Debtor who is obligated to the Grantor under any of the Accounts and Book Debts and, after the occurrence of an event of default hereunder, may give notice to any such Account Debtor to make all further payments to the Secured Party, and any payment or other Proceeds received by the Grantor from an Account Debtor after an event of default whether before or after any notice is given by the Secured Party, shall be held by the Grantor in trust for the Secured Party and paid over to the Secured Party on request. The Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate and the Grantor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access in all places where Collateral may be located and to all premises occupied by the Grantor;

(h) **Maintenance of Records.** The Grantor will keep proper books of account in accordance with sound accounting practice and mark any and all such records and the Collateral at the Secured Party's request so as to indicate the Security Interest. The Grantor shall furnish to the Secured Party such financial information and statements and such information and statements pertaining to the Collateral as the Secured Party may from time to time require and shall permit the Secured Party or its agents at any time at the expense of the Grantor to examine the books of account and other financial records and reports relating in the Collateral and to make copies thereof and take extracts therefrom and to make inquiries of third parties for the purpose of verification of such information. The Grantor authorizes any Person holding any Books and Records to make them available, in a readable form, upon the request of the Secured Party. The Grantor will deliver to the Secured Party any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;

(i) **Negative Pledge.** The Grantor will not create, incur, assume or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, hypothec, encumbrance or statutory lien or trust (including any conditional sale or other title retention agreement or finance lease) of any nature, on any of the Collateral (other than Real Property, but not including any fixtures financed by the Secured Party and any replacements or substitutions therefor) without the express prior written consent of the Secured Party;

(j) **Insurance.** The Grantor will keep the Collateral insured under policies with such coverage, for such amounts and with such insurers as are satisfactory to the Secured Party from time to time, with loss thereunder, payable to the Secured Party and shall furnish the Secured Party with a copy of any policy of insurance, certificate of insurance or other evidence satisfactory to the Secured Party that such insurance coverage is in effect;

(k) **Further Assurances.** The Grantor will from time to time forthwith, at the expense of the Grantor, duly authorize, execute and deliver such further instruments and documents and take such further action, as the Secured Party may request for the purpose of obtaining or preserving the benefits of, and the rights arid powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Collateral) and for the purpose of correcting any deficiencies or clerical errors in this Agreement; and

(l) **Landlord Agreement.** The Grantor will, at the request of the Secured Party, obtain a written agreement from each landlord of premises where any of the Collateral is located, in favour of the Secured Party and in form and substance satisfactory to the Secured Party, whereby such landlord agrees to give notice to the Secured Party of any default by the Grantor under the lease and a reasonable opportunity to cure such default prior to the exercise of any remedies by the landlord and acknowledges the Security Interest created by this Agreement and the right of the Secured Party to enforce the Security Interest created by this Agreement in priority to any claim of such landlord, including the right of the landlord to distrain on the Collateral for arrears or rent.

6. Survival of Representations and Warranties and Covenants

All agreements, representations, warranties and covenants made by the Grantor in this Agreement are material, will be considered to have been relied on by the Secured Party and will survive the execution and delivery of this Agreement or any investigation made al any time by or on behalf of the Secured Party and any disposition or payment of the Obligations until the indefeasible repayment and performance in full of the Obligations.

7. Performance of Covenants by the Secured Party

(a) The Secured Party may, in its sole discretion and upon notice to the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform including any covenant the performance of which requires the payment of money, provided that the Secured Party will not be obligated to perform such covenant on behalf of the Grantor. The performance by the Secured Party of any such covenant shall not oblige the Secured Party to continue to perform such covenant or other covenants nor relieve the grantor from any default or derogate from the rights and remedies of the Secured Party under this Agreement. The Grantor agrees to indemnify and to reimburse the Secured Party for all costs and expenses incurred by the Secured Party in connection with the performance by it of any such covenant, and all such costs and expenses shall be payable by the Grantor to the Secured Party as demand, shall bear interest at the highest rate per annum applicable to any of the Obligations, calculated and compounded monthly, and shall be added to and form part of the Obligations.

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

8. Securities, Investment Property

If Collateral at any time includes Securities, the Grantor authorizes the Secured Party to transfer all or any of such Securities into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner thereof; provided that, until default, the Secured Party shall deliver promptly to the Grantor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Grantor or its order a proxy to vote and take all action with respect to such Securities. After default, the

Grantor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to the Grantor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, the Secured Party may, at any time give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

The Grantor has not consented to and covenants that it will not consent to, the entering into of a Control Agreement by:

(a) any issuer of any uncertificated securities including in or relating to the Collateral; or

(b) any securities intermediary for any securities accounts or security entitlements included in or relating to the Collateral, other than, in either case, a Control Agreement to which the Secured Party is a party.

Promptly upon request from time to time by the Secured Party, the Grantor shall:

(a) enter into and use reasonable commercial efforts to ensure any securities intermediary for any securities accounts or securities entitlements included in or relating to the Collateral to enter into a Control Agreement with the Secured Party with respect to such securities accounts or securities entitlements as the Secured Party requires in form and substance satisfactory to the Secured Party; and

(b) enter into and use reasonable commercial efforts to cause any issuer of any uncertificated securities included in or relating to the Collateral to enter into a Control Agreement with the Secured Party with respect to such uncertificated securities in form and substance satisfactory to the Secured Party.

9. Dealing with Security Interest

The Secured Party may grant extensions of time and other indulgences, give up any of the Security Interest, abstain from perfecting any of the Security Interest, accept compositions, grant releases and discharges and waive rights against and otherwise deal with the Grantor, Account Debtors of the Grantor, sureties and others and with any of the Collateral and any other security as the Secured Party may see fit without prejudice to the liability of the Grantor or the Secured Party's right to hold and realize any of the Security Interest. The Secured Party shall not be accountable to the Grantor for the value of any of the Security Interest released except for any moneys actually received by the Secured Party.

10. Deposits and Credit Balances

Without limiting any other rights or remedies of the Secured Party, the Secured Party may, without notice to the Grantor or any other Person, any notice being expressly waived by the Grantor, set-off and apply all or any of the amounts standing to or for the credit of the Grantor at the Secured Party or any of the Secured Party's affiliates, in any currency, against and on account of all or any part of the Obligations, all as the Secured Party may see fit, whether or not the Obligations or the amounts standing to or for the credit of the grantor are due and payable. The Secured Party is authorized and shall be entitled to make such debits, credits, correcting entries, and other entries to the Grantor's accounts arid the Secured Party's records relating to the Grantor as the Secured Party regards as desirable in order to give effect to the Secured

Party's rights hereunder and the Grantor agrees to be bound by such entries absent manifest error. When applying a deposit or other obligation in a different currency than the Obligations to the Obligations, the Secured Party will convert the deposit or other obligation in the currency of the Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Party or its agents and the Secured Party or its agent may earn revenue on such conversion.

11. Events of Default

Obligations not payable on demand shall, at the option of the Secured Party, become immediately due and payable upon the occurrence of one or more of the following events (each, an "**event of default**"):

(a) the Grantor fails to pay when due, whether by acceleration or otherwise, any of the Obligations;

(b) the Grantor fails to perform any provision of this Agreement or of any other agreement to which the Grantor and the Secured Party are parties;

(c) if any certificate, statement, representation, warranty, audit report or financial statement heretofore furnished by or on behalf of the Grantor pursuant to or in connection with this Agreement, or as an inducement to the Secured Party to extend any credit to or to enter into this or any other agreement with the Grantor, is shown to have been false in any material respect or to have omitted any material fact; or if upon the date of execution of this Agreement, there shall have been any adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty, audit report or financial statement, which change shall not have been disclosed to the Secured Party at or prior to the time of such execution;

(d) the Grantor ceases or threatens to cease to carry on business, commits an act of bankruptcy, becomes Insolvent, proceedings or other actions are taken by or against the grantor under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation whether in Canada or elsewhere, or the Grantor transfers all or substantially all of its assets to another Person;

(e) a receiver, trustee, custodian or other similar official is appointed as receiver of the Grantor or any of the Grantor's property;

(f) the institution by or against the Grantor of any formal or informal proceeding for the dissolution or liquidation or settlement of claims against or winding up of affairs of the Grantor;

(g) an encumbrancer takes possession of any or the Collateral or any process of execution or distress is levied or enforced upon or against any of the Collateral;

(h) any indebtedness or liability of the Grantor, other than in the Secured Party, becomes due and payable, or capable of being declared due and payable, before the stated maturity thereof or any such indebtedness or liability shall not be paid at the maturity thereof or upon the expiration of any stated applicable grace period thereof, or the Grantor fails to make payment when due under any guarantee given by the Grantor;

(i) if the Grantor is an individual, the Grantor dies or is found by a court to be incapable of managing his or her affairs;

(j) an execution or any other process of any court shall become enforceable against the Grantor;

(k) if the Grantor is a partnership, the death of a partner; or

(l) any other event which causes the Secured Party, in good faith, to deem itself insecure,

and the Secured Party shall not be required to make any further advances or other extension of credit that constitutes an Obligation.

12. Remedies

(a) Upon the occurrence of an event of default that has not been cured or waived, the Secured Party, in addition to any right or remedy otherwise provided herein or by law, will have the rights and remedies set out below, which may be enforced successively or concurrently:

(i) to take such steps as the Secured Party considers desirable to maintain, preserve or protect the Collateral or its value;

(ii) to take possession of the Collateral and require the Grantor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place as may be specified by the Secured Party, and the Secured Party will not be or be deemed in be a mortgagee in possession by virtue of any such actions;

(iii) to exercise and enforce all rights and remedies of the Grantor with respect to the Collateral, including collecting and realizing upon all Accounts and Book Debts;

(iv) to carry on or concur in carrying on all or any part of the business of the Grantor;

(v) for the maintenance, preservation or protection of the Collateral or for carrying on any of the business of the Grantor, to borrow money on the security of the Collateral, which security will rank in priority to the Security Interest, or on an unsecured basis;

(vi) to the exclusion of all others, including the Grantor, to enter upon, occupy and use all or any of the premises, buildings and plants owned or occupied by the Grantor and use all or any of the Collateral of the Grantor for such time as the Secured Party requires to facilitate the preservation and realization of the Collateral, free of charge, and the Secured Party will not be liable to the Grantor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;

(vii) to sell, lease, license or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral upon such terms and conditions as the Secured Party may determine;

(viii) to dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation thereof for disposition;

(ix) if any part of the Collateral is perishable or will decline speedily in value, to sell or otherwise dispose of same without giving any notice of such disposition;

(x) to make any arrangement or compromise which the Secured Party shall think expedient in the interests of the Secured Party, including compromising any Accounts and Book Debts, and giving time for payment thereof with or without security;

(xi) to appoint a consultant or monitor, at the Grantor's expense, to evaluate the Grantor's business and the value of the Collateral, and to review the options available to the Secured Party; and

(xii) to appoint or reappoint by instrument in writing any person or persons, whether an officer or offices or employee or employees of the Secured Party or not, to be a receiver or receivers or a receiver and manager of the Collateral and remove or replace any person or persons so appointed or apply to any court for the appointment of a receiver or receiver and manager (each hereinafter called "**Receiver**").

(b) Any Receiver so appointed shall be deemed lo be the agent of the Grantor and not the Secured Party, and the Grantor and not the Secured Party, shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and expenses. The Secured Party shall not be in any way responsible for any misconduct, negligence or failure to act on the part of any such Receiver, its servants, agents or employees.

(c) The Grantor agrees to pay all costs, charges and expenses incurred by the Secured Party or any Receiver appointed by the Secured Party, whether directly or for services rendered (including reasonable legal and auditors' costs and expenses end Receiver remuneration), in operating the Grantor's accounts, in preparing or enforcing this Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Obligations, and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by the Secured Party or any Receiver appointed by the Secured Party, as permitted hereby, shall be a first charge on the Collateral and shall be secured hereby.

(d) The Secured Party will give the Grantor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the PPSA.

(e) Upon default and receiving written demand from the Secured Party, the Grantor agrees to take such further action as may be necessary to evidence and effect an assignment or licensing of intellectual property to whomever the Secured Party directs, including to the Secured Party. The Grantor appoints any officer or employee of the Secured Party to be its attorney in accordance with applicable legislation with full power of substitution, to do on the Grantor's behalf anything that is required to assign, license or transfer, and to record any assignment, license or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

(f) The Grantor authorizes the Secured Party to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying any Collateral or identifying the locations at which the Collateral is located and correcting any clerical errors or deficiencies in this Agreement) as the Secured Party may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest. The Grantor hereby irrevocably constitutes and appoints the Secured Party and any of its officers or employees from time to time is the true and lawful attorney of the Grantor, with full power of substitution, to do any of the foregoing in the name of the Grantor whenever and wherever it may be deemed necessary or expedient. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

(g) If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement including the expenses incurred by the Secured Party in connection with the preservation and realization of the Collateral as described above, the Grantor shall be liable to pay any deficiency in the Secured Party forthwith on demand.

13. Environment License and Indemnity

The Grantor hereby grants to the Secured Party and its offices, employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, to enter any Real Property to conduct investigation, inspections, audits, testing and monitoring with respect to any contaminants or hazardous substances and to remove and analyze samples of any contaminants or hazardous substances at the cost and expense of the Grantor (which cost and expense form will form part of the Obligations and will be payable immediately on demand and secured hereby). The Grantor hereby indemnifies and will indemnify the Secured Party and agrees to hold the Secured Party harmless against and from all losses, fines, penalties, costs, damages and expenses which the Secured Party may sustain, incur or be held to be or for which it may become liable, at any time whatsoever for or by reason of or arising from the past, present or future presence of or, clean-up, removal or disposal of any contaminants or hazardous substances from, on, under or adjacent to any Real Property owned by the Grantor or which may become owned or occupied by the Secured Party or as a result of the Secured Party's compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any Real Property owned or occupied by the Grantor or other affected or adjacent lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Obligation created hereby.

14. Miscellaneous

(a) **Interpretation**. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement (including any schedule now or hereafter annexed hereto) and not to any particular Section or other portion hereof. Unless otherwise specified, any reference herein to a Section or Schedule refers to the specified Section of or Schedule to this Agreement. In this Agreement: (i) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa; (ii) the words "include", "includes', and "including" mean "include", "includes" or "including", in each case, "without limitation"; (iii) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time; (iv) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and (v) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

(b) **Successors and Assigns**. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Grantor shall not assert against the assignee any claim or defence which the Grantor now has or hereafter may have against the Secured Party.

(c) **Amalgamation**. The Grantor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Grantor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby (i) shall extend to "Collateral" (as that term is herein defined) in which any amalgamating company has any rights at the time of amalgamation and to any "Collateral" in which the amalgamated company thereafter has any rights, and (ii) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to the Secured Party at the time of amalgamation and any "Obligations" of the amalgamated company to the Secured Party thereafter arising.

(d) **Joint and Several**. If there is more than one Grantor named herein, the term "Grantor" shall mean all and each of them, their obligations under this Agreement shall be joint and several, the Obligations shall include those of all or any one of them and no Grantor shall have the right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations hereunder unless and until all of the Obligations have been paid or performed in full, notwithstanding any charge for any cause or in any manner whatsoever in the composition or of membership of any firm or company which is a party hereto.

(e) **Attachment of Security Interest**. The Grantor acknowledges that value has been given and that the Security Interest granted hereby will attach when the Grantor signs this Agreement and will attach to Collateral in which the Grantor subsequently acquires any rights, immediately upon the Grantor acquiring such rights. The parties do not intend to postpone the attachment of any Security Interest created by this Agreement.

(f) **No Obligation to Advance**. Neither the execution of this Agreement nor any advance of funds shall oblige the Secured Party to advance any funds or any additional funds or enter into any transaction or renew any mote or extend any time for payment of any of the Obligations of the Grantor to the Secured Party.

(g) **Information**. The Secured Party may provide any financial and other information it has about the Grantor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Secured Party or anyone acting on behalf of the Secured Party.

(h) **Assignment**. The Secured Party may assign or transfer any of its rights under this Agreement without the consent of the Grantor. The Grantor may not assign its obligations under this Agreement without the prior written consent of the Secured Party.

(i) **Amendment**. Subject to Section 12(f) of this Agreement, no amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties here. No course of conduct by the Secured Party will be deemed to result in an amendment of this Agreement.

(j) **Term**. This Agreement shall be a continuing agreement in every respect for the payment of the Obligations and it shall remain in full force and effect until all of the Obligations shall be indefeasibly paid in full or discharged by the Secured Party and until the Secured Party shall no longer have any commitment to the Grantor or any other Person, the fulfillment of which, might result in the creation of Obligations of the Grantor.

(k) **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable in any respect, such invalidity or unenforceability will not affect the validity or enforceability of the remaining provisions of this Agreement.

(l) **Governing Law**. This Agreement will be governed by and construed in accordance with the laws of Ontario and the federal laws applicable therein.

(m) **Waiver by the Secured Party**. No delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any Obligations shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or limit exercise thereof or of any other right or remedy. Furthermore, the Secured Party may remedy any default by the Grantor hereunder or with respect to any Obligations in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Grantor. No course of conduct of the Secured Party will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement or the Secured Party's rights hereunder. All rights and remedies of the Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time in time independently or in combination.

(n) **Waiver by the Grantor**. The Grantor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Grantor is in any way liable and, subject to clause 12(d), notice of any other action taken by the Secured Party.

(o) **Non-Substitution**. The Security Interest is in addition in and not in substitution for any other security now or hereafter held by the Secured Party.

(p) **Entire Agreement**. This Agreement including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Grantor and the Secured Party with respect to the subject matter hereof. There are no representations, warranties, terms and conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth in this Agreement.

(q) **Acknowledgment**. The Grantor acknowledges receipt of a fully executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

(r) ***Execution***. The Grantor agrees that this Agreement may be executed electronically and in counterparts.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Grantor has executed this Agreement this 3 day of May, 2023.

MILESTONE MARBLE & GRANITE LTD.

Per: ______________________________
Name: Frank Arlotta
Office: Director & President

I have authority to bind the corporation.

Per: ______________________________
Name: Laura Moscone
Office: Director, Vice President & Secretary

I have authority to bind the corporation.

TAB F

This is Exhibit "F" referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

General Security Agreement

TO: Laura Moscone (the "**Secured Party**")

GRANTED BY: Milestone Marble & Granite Ltd. (the "**Grantor**")

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor agrees with the Secured Party as follows:

1. Security Interest

The Grantor hereby grants to the Secured Party a security interest in, and assigns (other than with respect to trade-marks), mortgages, charges, and pledges (collectively, the "**Security Interest**") to the Secured Party, all property of the Grantor, including all property of the kind hereinafter described below, in which the Grantor now has, or hereafter acquires, any right, title or interest, and accretions and successions therein (collectively called the "**Collateral**"):

(a) **Intangibles**. All intangible property not otherwise described in this Section 1, including all contractual rights and insurance claims, options, permits, licences, quotas, subsidies, franchises, orders, judgments, patents, trademarks, trade names, trade secrets and know-how, inventions, goodwill, copyrights and other intellectual property of the Grantor, including any right or licence to use intellectual property belonging to a third party (collectively called "**Intangibles**");

(b) **Chattel Paper and Documents of Title**. All chattel paper and all warehouse receipts, bills of lading, and other documents of title, whether negotiable or not;

(c) **Deposits and Credit Balances**. All monies and credit balances, including interest due thereon, which are now or may hereafter from time to time be on deposit with or standing to the credit of the Grantor with the Secured Party or any other bank, financial institution, or other Person;

(d) **Banks and Records**. All deeds, documents, writings, papers, books of account and other books and records in any form, electronic or otherwise, relating to or evidencing any of the Collateral;

(e) **Accounts and Book Debts**. All debts, accounts, claims and choses in action for moneys now due or owing or accruing due or which may hereafter become due or owing to the Grantor, including claims against the Crown in right of Canada or of any province, moneys which may become payable under any policy of Insurance (collectively called "**Accounts and Book Debts**"), together with all contracts, securities, bills, notes, lien notes, judgments, mortgages, letters of credit and advices of credit, and all other rights, benefits and documents which are now or which may be taken, vested in or held by the Grantor in respect of or as security for the Accounts and Book Debts or any part thereof, and the full benefit and advantage thereof and all rights or actions, claims or demands which the Grantor now has or may hereafter have in respect of the foregoing;

(f) **Equipment.** All tools, machinery, apparatus, equipment, vehicles, furniture, plants, fixtures, and other tangible personal property, other than Inventory, wherever situate (collectively called "**Equipment**");

(g) **Inventory**. All goods forming the inventory of the Grantor, of whatever kind and wherever located, whether raw material, work in process or finished goods held for sale, lease or resale, or furnished or to be furnished under contracts for service or used or consumed in the business of the Grantor, goods used in or procured for packing or packaging, timber cut or to be cut, oil, gas and minerals extracted or to be extracted, all livestock and the young thereof after conception and all crops which become such within one (1) year after the date of execution of this Agreement (collectively called "**Inventory**");

(h) **Instruments**. All bills, notes, cheques, letters of credit and other instruments, whether negotiable or not (collectively called "**Instruments**");

(i) **Securities**. All shares, stocks, warrants, options, bonds, debentures, debenture stock and all other securities and investment property of any kind and all instruments, whether negotiable or non-negotiable, and interest thereon and dividends. whether in shares, money or property, received or receivable upon or in respect of any securities and other investment property and all money or other property paid or payable on account of any return on, or repayment of, capital in respect of any securities or otherwise distributed or distributable in respect thereof or that will in any way be charged to, or be payable out of or in respect of, the capital of the issuer or the securities (collectively called "**Securities**");

(j) **Real Property**. All real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively called "**Real Property**"), and all rights under any lease or agreement relating to Real Property; and

(k) **Proceeds**. All proceeds of the property described above, including any property in any form derived directly or indirectly from any use or dealing with the property described above or the proceeds therefrom or that indemnities or compensates for damage or loss to such property or the proceeds therefrom, including the money held in banks, financial institutions or any other Person (collectively called "**Proceeds**").

Provided that:

(a) the Security Interest does not and will not extend to, and the Collateral will not include, any agreement, lease, right, franchise, licence or permit (the "**contractual rights**") to which the Grantor is a party or of which the Grantor has the benefit, to the extent that the Security Interest would permit any person to terminate the contractual rights unless the consent of one or more persons has been obtained and until such consent has been obtained, which the Grantor agrees it will use commercially reasonable efforts to obtain if requested by the Secured Party, the Grantor agrees to hold its interest therein in trust for the Secured Party, and notwithstanding the foregoing, contractual rights shall not include any account or chattel paper; and

(b) with respect to Real Property, (a) the Security Interest granted hereby is constituted by way of a floating charge, but will become a fixed charge upon the earlier of the Obligations becoming immediately payable, and the occurrence of any other event that by operation of law would result in such floating charge becoming a fixed charge; and (b) the assignment, mortgage and charge granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Grantor will hold such last day in trust for the Secured Party and, upon the enforcement by the Secured Party of its Security Interest, will assign such last day an directed by the Secured Party.

2. Obligations Secured

The Security Interest secures the payment and performance of all present and future obligations of the Grantor to the Secured Party, including all debts and liabilities, direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred, whether incurred before, at the time of, or after the execution of this Agreement, whether the indebtedness and liability is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether arising from dealings between the Secured Party and the Grantor or from other dealings or proceedings by which the Secured Party may be or become in any manner whatsoever a creditor of the Grantor, and in any currency, whether incurred by the Grantor alone or with another or others and whether as a principal or surety, including all interest thereon and all amounts owed try the Grantor under this Agreement for fees, costs and expenses and in respect of indemnities granted under this Agreement (collectively called the "***Obligations***").

3. Definitions

(a) Any word or term that is not otherwise defined in this Agreement shall have the meaning given to it in the *Personal Property Security Act* (Ontario), as amended from time to time, and being referred to in this Agreement as the "**PPSA**". Any reference herein to "**Collateral**" shall, unless the context requires otherwise, be deemed to be a reference to "**Collateral or any part thereof**".

(b) The following terms shall have the respective meanings set out below:

(i) "**Business Day**" means any day other than a Saturday, Sunday to statutory holiday in the Province of Ontario.

(ii) "**Control Agreement**" means:

(A) with respect to any uncertificated security, an agreement between the issuer of such uncertificated security and any Person whereby such issuer agrees to comply with instructions that are originated by such Person in respect of such uncertificated security, without the further consent of the Grantor, and

(B) with respect to any securities account or security entitlement, an agreement between the securities intermediary which maintains the particular securities account to which security entitlements included in the Collateral relate and any Person whereby such securities intermediary agrees to comply with any entitlement orders with respect to such securities accounts or security entitlements that are originated by such Person, without the further consent of the Grantor.

(iii) "**Person**" means any individual, sale proprietorship, joint venture, partnership, corporation, company, firm, association, co-operative, estate, government, government agency, regulator, authority, trust, or any entity of any nature.

4. Representations and Warranties

The Grantor hereby represents and warrants with the Secured Party and so long as this Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) **Location of Head Office.** The address of the Grantor's chief executive office and the office where it keeps its records respecting the Accounts and Book Debts is 8181 Jane Street, Unit 2, Concord, Ontario L4K 5P1 (the "**Head Office**").

(b) **Location of Collateral.** The Collateral which is goods is or will be located at the Head Office or such locations as have been agreed to by the Secured Party in writing for:

(i) goods in transit to such locations; and

(ii) Inventory on lease or consignment, but including all fixtures, crops, oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral;

(c) **Collateral Free and Clear.** The Collateral (other than Real Property) is the sole property of the grantor free and clear of all security interests, liens, charges, mortgages, hypothecs, leases, licenses, infringements by third parties, encumbrances, statutory liens or trusts, other adverse claims or interests, or any rights of others, except for those security interests which are expressly approved by the Secured Party in writing prior to their creation or assumption;

(d) **Amounts of Accounts.** Each Account and Book Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "**Account Debtor**") and the amount represented by the Grantor to the Secured Party from time to time as owing by the Account Debtor or by all Account Debtors will be the correct amount unconditionally owing by such Account Debtor or Account Debtors, and no Account Debtor will have any defence, set-off, claim or counterclaim against the Grantor which can be asserted against the Secured Party, whether in any proceeding to enforce Collateral or otherwise;

(e) **Status and Binding Obligation.** The Grantor:

(i) if a corporation or company, has been duly incorporated, amalgamated or continued, as the case may be, and is validly existing as a corporation or company, as the case may be, under the laws of its jurisdiction of incorporation, amalgamation or continuance, as the case may be;

(ii) if not a corporation or company, has been duly created or established as a partnership, limited partnership or other entity and validly exists under the laws of the jurisdiction in which it has been created or established; and

(iii) is duly qualified to carry on business and own property in each jurisdiction where it carries on business or where any of its property is located. The Grantor has adequate power, capacity and authority to carry on its business, own property, borrow monies and enter into agreements, therefore, execute and deliver this Agreement, and perform its obligations under this Agreement, which Agreement constitutes a legally valid and binding obligation of the Grantor enforceable in accordance with its terms. The making of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Grantor pursuant to any agreement, indenture or other instrument to which the Grantor is a party or by which the Grantor or any of its property may be bound or affected.

(f) **Intellectual Property.** All intellectual property applications and registrations are valid, subsisting, unexpired, enforceable, in good standing and have not been abandoned and the Grantor is the owner of the applications and registrations.

5. Covenants

The Grantor covenants and agrees with the Secured Party that;

(a) **Place of Business and location of Collateral.** The grantor shall not change its name or the location of its Head Office, amalgamate with any other Person, or move any of the Collateral from the Head Office, other than in accordance with clause 5(g), without the prior written consent or the Secured Party;

(b) **Notification.** The Grantor shall notify the Secured Party promptly of:

(i) any change in the information contained herein relating to the Grantor, the Grantor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting the Grantor or the Collateral and will furnish the Secured Party with copies of the details of such claims or litigation;

(iv) any loss or damage to Collateral or any material adverse change in the value of Collateral; and

(v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral.

(c) **Performance of Obligations.** The Grantor shall observe and perform all of its obligations under all material leases, licenses, undertakings and agreements to which it is a party, obtain and preserve its rights, powers, licenses, privileges, franchises and goodwill thereunder, and comply with all applicable laws, by-laws, rules regulations and ordinances in a proper and efficient manner so as to preserve and protect the Collateral and the business and undertaking of the Grantor in all material respects. The Grantor shall also pay all rents, taxes, rates, levies, assessments and government fees or dues levied, assessed or imposed in respect of the Collateral and other charges or any part thereof as and when the same become due and payable, and shall provide to the Secured Party, when requested, the receipts and vouchers evidencing payment;

(d) **Limitations on Discounts, Extensions and Compromises.** The Grantor shall not grant any extension of time for payment of any Accounts or Book Debts, or compromise, compound or settle any Accounts or Book Debts for less than the full amount, or release, wholly or partially, any Person liable for the payment of any Accounts or Book Debts, or allow any credit or discount of any Account or Book Debt, other than in the ordinary course of business of the Grantor and consistent will industry practices;

(e) **Payment of Fees and Expenses.** The Grantor will pay the Secured Party on demand all costs, fees and expenses (including legal fees on a solicitor and his own client basis) incurred by the Secured Party in the preparation, execution, registration and perfection of this Agreement and the carrying out of any of the provisions of this Agreement, including, protecting and preserving the Security Interest and enforcing by legal processor or otherwise the remedies provided herein. All such costs and expenses payable by the Grantor to the Secured Party shall bear interest from time to time at the highest interest rate then applicable in any of the Obligations, calculated and compounded monthly, and shall be added to and form part of the Obligations secured hereunder.

(f) **Maintenance and Protection of Collateral/No Fixtures.** The Grantor shall care for, protect and preserve the Collateral and not permit its value to be impaired and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party. The Grantor shall keep the Collateral in good order, condition and repair and shall not use the Collateral in violation of the provisions of this Agreement or any other agreement relating in the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance. The Grantor will keep all licences, permits, agreements, registrations and applications relating to intellectual property used by Grantor in its business in good standing, unless otherwise agreed to in writing by the Secured Party. The Grantor shall apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so. The Grantor shall defend title in the Collateral against all claims and demands of all other Persons claiming the same or an interest therein and shall diligently initiate and prosecute legal action against every Person who infringes upon the Grantor's rights in intellectual property;

(g) **Dealing with Collateral.**

(i) The Grantor will not sell, lease, transfer, assign, deliver or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party, except that the Grantor may, until an event of default as hereinafter provided occurs, deal with any Inventory or Real Property (other than fixtures financed by the Secured Party and any replacements or substitutions therefor) in the ordinary course of business so that the purchaser thereof takes title thereto free and clear of the Security Interest;

(ii) All Proceeds shall continue to be subject to the Security Interest, granted hereby and all money received by the Grantor as Proceeds, other than from the sale of Inventory, shall be received as trustee for the Secured Party and shall be held separate and apart from other money of the Grantor, and shall be paid over to the Secured Party upon request;

(iii) All money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Obligations as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Secured Party may be released to the Grantor, all without prejudice to the Secured Party's rights against the Grantor;

(iv) Before an event of default occurs hereunder, the Secured Party may give notice of this Agreement and the Security Interest in any Account Debtor who is obligated to the Grantor under any of the Accounts and Book Debts and, after the occurrence of an event of default hereunder, may give notice to any such Account Debtor to make all further payments to the Secured Party, and any payment or other Proceeds received by the Grantor from an Account Debtor after an event of default whether before or after any notice is given by the Secured Party, shall be held by the Grantor in trust for the Secured Party and paid over to the Secured Party on request. The Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate and the Grantor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access in all places where Collateral may be located and to all premises occupied by the Grantor;

(h) **Maintenance of Records.** The Grantor will keep proper books of account in accordance with sound accounting practice and mark any and all such records and the Collateral at the Secured Party's request so as to indicate the Security Interest. The Grantor shall furnish to the Secured Party such financial information and statements and such information and statements pertaining to the Collateral as the Secured Party may from time to time require and shall permit the Secured Party or its agents at any time at the expense of the Grantor to examine the books of account and other financial records and reports relating in the Collateral and to make copies thereof and take extracts therefrom and to make inquiries of third parties for the purpose of verification of such information. The Grantor authorizes any Person holding any Books and Records to make them available, in a readable form, upon the request of the Secured Party. The Grantor will deliver to the Secured Party any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;

(i) **Negative Pledge.** The Grantor will not create, incur, assume or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, hypothec, encumbrance or statutory lien or trust (including any conditional sale or other title retention agreement or finance lease) of any nature, on any of the Collateral (other than Real Property, but not including any fixtures financed by the Secured Party and any replacements or substitutions therefor) without the express prior written consent of the Secured Party;

(j) **Insurance.** The Grantor will keep the Collateral insured under policies with such coverage, for such amounts and with such insurers as are satisfactory to the Secured Party from time to time, with loss thereunder, payable to the Secured Party and shall furnish the Secured Party with a copy of any policy of insurance, certificate of insurance or other evidence satisfactory to the Secured Party that such insurance coverage is in effect;

(k) **Further Assurances.** The Grantor will from time to time forthwith, at the expense of the Grantor, duly authorize, execute and deliver such further instruments and documents and take such further action, as the Secured Party may request for the purpose of obtaining or preserving the benefits of, and the rights arid powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Collateral) and for the purpose of correcting any deficiencies or clerical errors in this Agreement; and

(l) **Landlord Agreement.** The Grantor will, at the request of the Secured Party, obtain a written agreement from each landlord of premises where any of the Collateral is located, in favour of the Secured Party and in form and substance satisfactory to the Secured Party, whereby such landlord agrees to give notice to the Secured Party of any default by the Grantor under the lease and a reasonable opportunity to cure such default prior to the exercise of any remedies by the landlord and acknowledges the Security Interest created by this Agreement and the right of the Secured Party to enforce the Security Interest created by this Agreement in priority to any claim of such landlord, including the right of the landlord to distrain on the Collateral for arrears or rent.

6. Survival of Representations and Warranties and Covenants

All agreements, representations, warranties and covenants made by the Grantor in this Agreement are material, will be considered to have been relied on by the Secured Party and will survive the execution and delivery of this Agreement or any investigation made al any time by or on behalf of the Secured Party and any disposition or payment of the Obligations until the indefeasible repayment and performance in full of the Obligations.

7. Performance of Covenants by the Secured Party

(a) The Secured Party may, in its sole discretion and upon notice to the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform including any covenant the performance of which requires the payment of money, provided that the Secured Party will not be obligated to perform such covenant on behalf of the Grantor. The performance by the Secured Party of any such covenant shall not oblige the Secured Party to continue to perform such covenant or other covenants nor relieve the grantor from any default or derogate from the rights and remedies of the Secured Party under this Agreement. The Grantor agrees to indemnify and to reimburse the Secured Party for all costs and expenses incurred by the Secured Party in connection with the performance by it of any such covenant, and all such costs and expenses shall be payable by the Grantor to the Secured Party as demand, shall bear interest at the highest rate per annum applicable to any of the Obligations, calculated and compounded monthly, and shall be added to and form part of the Obligations.

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

8. Securities, Investment Property

If Collateral at any time includes Securities, the Grantor authorizes the Secured Party to transfer all or any of such Securities into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner thereof; provided that, until default, the Secured Party shall deliver promptly to the Grantor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Grantor or its order a proxy to vote and take all action with respect to such Securities. After default, the

Grantor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to the Grantor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, the Secured Party may, at any time give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

The Grantor has not consented to and covenants that it will not consent to, the entering into of a Control Agreement by:

(a) any issuer of any uncertificated securities including in or relating to the Collateral; or

(b) any securities intermediary for any securities accounts or security entitlements included in or relating to the Collateral, other than, in either case, a Control Agreement to which the Secured Party is a party.

Promptly upon request from time to time by the Secured Party, the Grantor shall:

(a) enter into and use reasonable commercial efforts to ensure any securities intermediary for any securities accounts or securities entitlements included in or relating to the Collateral to enter into a Control Agreement with the Secured Party with respect to such securities accounts or securities entitlements as the Secured Party requires in form and substance satisfactory to the Secured Party; and

(b) enter into and use reasonable commercial efforts to cause any issuer of any uncertificated securities included in or relating to the Collateral to enter into a Control Agreement with the Secured Party with respect to such uncertificated securities in form and substance satisfactory to the Secured Party.

9. Dealing with Security Interest

The Secured Party may grant extensions of time and other indulgences, give up any of the Security Interest, abstain from perfecting any of the Security Interest, accept compositions, grant releases and discharges and waive rights against and otherwise deal with the Grantor, Account Debtors of the Grantor, sureties and others and with any of the Collateral and any other security as the Secured Party may see fit without prejudice to the liability of the Grantor or the Secured Party's right to hold and realize any of the Security Interest. The Secured Party shall not be accountable to the Grantor for the value of any of the Security Interest released except for any moneys actually received by the Secured Party.

10. Deposits and Credit Balances

Without limiting any other rights or remedies of the Secured Party, the Secured Party may, without notice to the Grantor or any other Person, any notice being expressly waived by the Grantor, set-off and apply all or any of the amounts standing to or for the credit of the Grantor at the Secured Party or any of the Secured Party's affiliates, in any currency, against and on account of all or any part of the Obligations, all as the Secured Party may see fit, whether or not the Obligations or the amounts standing to or for the credit of the grantor are due and payable. The Secured Party is authorized and shall be entitled to make such debits, credits, correcting entries, and other entries to the Grantor's accounts arid the Secured Party's records relating to the Grantor as the Secured Party regards as desirable in order to give effect to the Secured

Party's rights hereunder and the Grantor agrees to be bound by such entries absent manifest error. When applying a deposit or other obligation in a different currency than the Obligations to the Obligations, the Secured Party will convert the deposit or other obligation In the currency of the Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Party or its agents and the Secured Party or its agent may earn revenue on such conversion.

11. Events of Default

Obligations not payable on demand shall, at the option of the Secured Party, become immediately due and payable upon the occurrence of one or more of the following events (each, an "**event of default**"):

(a) the Grantor falls to pay when due, whether by acceleration or otherwise, any of the Obligations;

(b) the Grantor fails to perform any provision of this Agreement or of any other agreement to which the Grantor and the Secured Party are parties;

(c) if any certificate, statement, representation, warranty, audit report or financial statement heretofore furnished by or on behalf of the Grantor pursuant to or in connection with this Agreement, or as an inducement to the Secured Party to extend any credit to or to enter into this or any other agreement with the Grantor, is shown to have been false in any material respect or to have omitted any material fact; or if upon the date of execution of this Agreement, there shall have been any adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty, audit report or financial statement, which change shall not have been disclosed to the Secured Party at or prior to the time of such execution;

(d) the Grantor ceases or threatens to cease to carry on business, commits an act of bankruptcy, becomes Insolvent, proceedings or other actions are taken by or against the grantor under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation whether in Canada or elsewhere, or the Grantor transfers all or substantially all of its assets to another Person;

(e) a receiver, trustee, custodian or other similar official is appointed as receiver of the Grantor or any of the Grantor's property;

(f) the institution by or against the Grantor of any formal or informal proceeding for the dissolution or liquidation or settlement of claims against or winding up of affairs of the Grantor;

(g) an encumbrancer takes possession of any or the Collateral or any process of execution or distress is levied or enforced upon or against any of the Collateral;

(h) any indebtedness or liability of the Grantor, other than in the Secured Party, becomes due and payable, or capable of being declared due and payable, before the stated maturity thereof or any such indebtedness or liability shall not be paid at the maturity thereof or upon the expiration of any stated applicable grace period thereof, or the Grantor fails to make payment when due under any guarantee given by the Grantor;

(i) if the Grantor is an individual, the Grantor dies or is found by a court to be incapable of managing his or her affairs;

(j) an execution or any other process of any court shall become enforceable against the Grantor;

(k) if the Grantor is a partnership, the death of a partner; or

(l) any other event which causes the Secured Party, in good faith, to deem itself insecure,

and the Secured Party shall not be required to make any further advances or other extension of credit that constitutes an Obligation.

12. Remedies

(a) Upon the occurrence of an event of default that has not been cured or waived, the Secured Party, in addition to any right or remedy otherwise provided herein or by law, will have the rights and remedies set out below, which may be enforced successively or concurrently:

(i) to take such steps as the Secured Party considers desirable to maintain, preserve or protect the Collateral or its value;

(ii) to take possession of the Collateral and require the Grantor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place as may be specified by the Secured Party, and the Secured Party will not be or be deemed in be a mortgagee in possession by virtue of any such actions;

(iii) to exercise and enforce all rights and remedies of the Grantor with respect to the Collateral, including collecting and realizing upon all Accounts and Book Debts;

(iv) to carry on or concur in carrying on all or any part of the business of the Grantor;

(v) for the maintenance, preservation or protection of the Collateral or for carrying on any of the business of the Grantor, to borrow money on the security of the Collateral, which security will rank in priority to the Security Interest, or on an unsecured basis;

(vi) to the exclusion of all others, including the Grantor, to enter upon, occupy and use all or any of the premises, buildings and plants owned or occupied by the Grantor and use all or any of the Collateral of the Grantor for such time as the Secured Party requires to facilitate the preservation and realization of the Collateral, free of charge, and the Secured Party will not be liable to the Grantor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;

(vii) to sell, lease, license or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral upon such terms and conditions as the Secured Party may determine;

(viii) to dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation thereof for disposition;

(ix) if any part of the Collateral is perishable or will decline speedily in value, to sell or otherwise dispose of same without giving any notice of such disposition;

(x) to make any arrangement or compromise which the Secured Party shall think expedient in the interests of the Secured Party, including compromising any Accounts and Book Debts, and giving time for payment thereof with or without security;

(xi) to appoint a consultant or monitor, at the Grantor's expense, to evaluate the Grantor's business and the value of the Collateral, and to review the options available to the Secured Party; and

(xii) to appoint or reappoint by instrument in writing any person or persons, whether an officer or offices or employee or employees of the Secured Party or not, to be a receiver or receivers or a receiver and manager of the Collateral and remove or replace any person or persons so appointed or apply to any court for the appointment of a receiver or receiver and manager (each hereinafter called "**Receiver**").

(b) Any Receiver so appointed shall be deemed lo be the agent of the Grantor and not the Secured Party, and the Grantor and not the Secured Party, shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and expenses. The Secured Party shall not be in any way responsible for any misconduct, negligence or failure to act on the part of any such Receiver, its servants, agents or employees.

(c) The Grantor agrees to pay all costs, charges and expenses incurred by the Secured Party or any Receiver appointed by the Secured Party, whether directly or for services rendered (including reasonable legal and auditors' costs and expenses end Receiver remuneration), in operating the Grantor's accounts, in preparing or enforcing this Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Obligations, and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by the Secured Party or any Receiver appointed by the Secured Party, as permitted hereby, shall be a first charge on the Collateral and shall be secured hereby.

(d) The Secured Party will give the Grantor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the PPSA.

(e) Upon default and receiving written demand from the Secured Party, the Grantor agrees to take such further action as may be necessary to evidence and effect an assignment or licensing of intellectual property to whomever the Secured Party directs, including to the Secured Party. The Grantor appoints any officer or employee of the Secured Party to be its attorney in accordance with applicable legislation with full power of substitution, to do on the Grantor's behalf anything that is required to assign, license or transfer, and to record any assignment, license or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

(f) The Grantor authorizes the Secured Party to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying any Collateral or identifying the locations at which the Collateral is located and correcting any clerical errors or deficiencies in this Agreement) as the Secured Party may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest. The Grantor hereby irrevocably constitutes and appoints the Secured Party and any of its officers or employees from time to time is the true and lawful attorney of the Grantor, with full power of substitution, to do any of the foregoing in the name of the Grantor whenever and wherever it may be deemed necessary or expedient. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

(g) If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement including the expenses incurred by the Secured Party in connection with the preservation and realization of the Collateral as described above, the Grantor shall be liable to pay any deficiency in the Secured Party forthwith on demand.

13. Environment License and Indemnity

The Grantor hereby grants to the Secured Party and its offices, employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, to enter any Real Property to conduct investigation, inspections, audits, testing and monitoring with respect to any contaminants or hazardous substances and to remove and analyze samples of any contaminants or hazardous substances at the cost and expense of the Grantor (which cost and expense form will form part of the Obligations and will be payable immediately on demand and secured hereby). The Grantor hereby indemnifies and will indemnify the Secured Party and agrees to hold the Secured Party harmless against and from all losses, fines, penalties, costs, damages and expenses which the Secured Party may sustain, incur or be held to be or for which it may become liable, at any time whatsoever for or by reason of or arising from the past, present or future presence of or, clean-up, removal or disposal of any contaminants or hazardous substances from, on, under or adjacent to any Real Property owned by the Grantor or which may become owned or occupied by the Secured Party or as a result of the Secured Party's compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any Real Property owned or occupied by the Grantor or other affected or adjacent lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Obligation created hereby.

14. Miscellaneous

(a) **Interpretation**. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement (including any schedule now or hereafter annexed hereto) and not to any particular Section or other portion hereof. Unless otherwise specified, any reference herein to a Section or Schedule refers to the specified Section of or Schedule to this Agreement. In this Agreement: (i) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa; (ii) the words "include", "includes', and "including" mean "include", "includes" or "including", in each case, "without limitation"; (iii) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time; (iv) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and (v) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

(b) **Successors and Assigns**. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Grantor shall not assert against the assignee any claim or defence which the Grantor now has or hereafter may have against the Secured Party.

(c) **Amalgamation**. The Grantor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Grantor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby (i) shall extend to "Collateral" (as that term is herein defined) in which any amalgamating company has any rights at the time of amalgamation and to any "Collateral" in which the amalgamated company thereafter has any rights, and (ii) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to the Secured Party at the time of amalgamation and any "Obligations" of the amalgamated company to the Secured Party thereafter arising.

(d) **Joint and Several**. If there is more than one Grantor named herein, the term "Grantor" shall mean all and each of them, their obligations under this Agreement shall be joint and several, the Obligations shall include those of all or any one of them and no Grantor shall have the right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations hereunder unless and until all of the Obligations have been paid or performed in full, notwithstanding any charge for any cause or in any manner whatsoever in the composition or of membership of any firm or company which is a party hereto.

(e) **Attachment of Security Interest**. The Grantor acknowledges that value has been given and that the Security Interest granted hereby will attach when the Grantor signs this Agreement and will attach to Collateral in which the Grantor subsequently acquires any rights, immediately upon the Grantor acquiring such rights. The parties do not intend to postpone the attachment of any Security Interest created by this Agreement.

(f) **No Obligation to Advance**. Neither the execution of this Agreement nor any advance of funds shall oblige the Secured Party to advance any funds or any additional funds or enter into any transaction or renew any mote or extend any time for payment of any of the Obligations of the Grantor to the Secured Party.

(g) **Information**. The Secured Party may provide any financial and other information it has about the Grantor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Secured Party or anyone acting on behalf of the Secured Party.

(h) **Assignment**. The Secured Party may assign or transfer any of its rights under this Agreement without the consent of the Grantor. The Grantor may not assign its obligations under this Agreement without the prior written consent of the Secured Party.

(i) **Amendment**. Subject to Section 12(f) of this Agreement, no amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties here. No course of conduct by the Secured Party will be deemed to result in an amendment of this Agreement.

(j) **Term**. This Agreement shall be a continuing agreement in every respect for the payment of the Obligations and it shall remain in full force and effect until all of the Obligations shall be indefeasibly paid in full or discharged by the Secured Party and until the Secured Party shall no longer have any commitment to the Grantor or any other Person, the fulfillment of which, might result in the creation of Obligations of the Grantor.

(k) **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable in any respect, such invalidity or unenforceability will not affect the validity or enforceability of the remaining provisions of this Agreement.

(l) **Governing Law**. This Agreement will be governed by and construed in accordance with the laws of Ontario and the federal laws applicable therein.

(m) **Waiver by the Secured Party**. No delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any Obligations shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or limit exercise thereof or of any other right or remedy. Furthermore, the Secured Party may remedy any default by the Grantor hereunder or with respect to any Obligations in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Grantor. No course of conduct of the Secured Party will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement or the Secured Party's rights hereunder. All rights and remedies of the Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time in time independently or in combination.

(n) **Waiver by the Grantor**. The Grantor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Grantor is in any way liable and, subject to clause 12(d), notice of any other action taken by the Secured Party.

(o) **Non-Substitution**. The Security Interest is in addition in and not in substitution for any other security now or hereafter held by the Secured Party.

(p) **Entire Agreement**. This Agreement including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Grantor and the Secured Party with respect to the subject matter hereof. There are no representations, warranties, terms and conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth in this Agreement.

(q) **Acknowledgment**. The Grantor acknowledges receipt of a fully executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

(r) **Execution**. The Grantor agrees that this Agreement may be executed electronically and in counterparts.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Grantor has executed this Agreement this 3 day of May, 2023.

MILESTONE MARBLE & GRANITE LTD.

Per: ______________________________
Name: Frank Arlotta
Office: Director & President

I have authority to bind the corporation.

Per: ______________________________
Name: Laura Moscone
Office: Director, Vice President & Secretary

I have authority to bind the corporation.

TAB G

This is Exhibit “G” referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

A Commissioner, etc.

GENERAL SECURITY AGREEMENT

FOR VALUABLE CONSIDERATION and as continuing security for due payment of all monies now or at any time and from time to time hereafter owing or payable by the undersigned (the "**Debtor**") to **FALCON ENTERPRISES CORP.** (the "**Secured Party**"), and due and faithful performance of all obligations (whether now existing, presently arising or created in the future) of the Debtor in favour of the Secured Party (including all costs, charges and expenses incurred in connection with such liabilities), (all such monies, liabilities and obligations referred to in this paragraph being hereinafter together called the "**Obligations**"), the Debtor hereby agrees with the Secured Party and provides as follows:

1. The Debtor hereby bargains, sells, grants, assigns, conveys, mortgages, transfers, charges and sets over as and by way of a fixed and specific mortgage and charge to and in favour of the Secured Party, and grants to the Secured Party a security interest in all personal property of every nature and kind whatsoever and wheresoever situate now or at any time and from time to time owned by the Debtor or in which or in respect of which the Debtor has any interest or rights of any kind (hereinafter called the "**Collateral**"), including, without limiting the generality of the foregoing, the following described property:

   (a) all inventory of whatsoever kind and wheresoever situate now owned or hereafter acquired by the Debtor including without limiting the generality of the foregoing, goods for sale or lease or that have been leased; goods furnished or to be furnished under a contract of service; goods which are raw materials, work in process or materials used or consumed in a business or profession of the Debtor; goods used or procured for packing, finished goods or any other goods found on the premises ("**Inventory**");

   (b) all book accounts and book debts and generally all accounts, debts, dues, claims, choices in action and demands of every nature and kind howsoever arising or secured including letters of credit, and advice of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, or owned by the Debtor including but not limited to claims against the Crown and claims under insurance policies ("**Receivables**");

   (c) all machinery, equipment, tools, apparatus, plants, fixtures, furniture, vehicles, goods and other tangible personal property of whatsoever nature and kind, now owned or hereafter acquired by the Debtor other than Inventory ("**Equipment**");

   (d) all chattel paper now owned or hereafter acquired by the Debtor ("**Chattel Paper**");

   (e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or otherwise, now owned or hereafter acquired by the Debtor ("**Documents of Title**");

   (f) all instruments now owned or hereafter acquired by the Debtor ("**Instruments**");

   (g) all deeds, documents, writings, papers, books of accounts and other books evidencing or relating to Receivables, Chattel Paper, Instruments or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable; and benefits in respect thereof;

(h) all shares, stocks, warrants, bonds, debentures, debenture stock or the like now owned or hereafter acquired by the Debtor;

(i) all intangible property now owned or hereafter acquired by the Debtor including, but not limited to, choices in action, goodwill, patents, trademarks, copyrights, and other industrial property ("**Intangibles**");

(j) all monies other than trust monies lawfully belonging to others;

(k) any property in any form (including fixtures) derived directly or indirectly from any dealings with any property herein described (including all products and cash and non-cash proceeds thereof); indemnification or compensation for any such property lost, destroyed, damages or lawfully or unlawfully taken or injuriously affected; all increases, additions, and accessions thereto and substitutions and replacements thereof;

(l) all personal property.

2. The Debtor acknowledges that the parties intend the security interest hereunder to attach upon the execution of this Agreement, that value has been given and that the Debtor has rights in the Collateral.

3. Provided that the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor now held or hereafter acquired by the Debtor, is hereby and shall be excepted out of the security interest hereby or by any other instrument supplemental hereto created and does not and shall not form part of the Collateral, but the Debtor shall stand possessed of the reversion remaining in the Debtor of any leasehold interest forming part of the Collateral upon trust to assign and dispose thereof as the Secured Party may after default hereunder direct.

4. The Debtor shall not without the prior consent of the Secured Party:

(a) create or permit to arise any Encumbrance (other than Permitted Encumbrances) upon its undertaking or any of its assets ranking prior to or pari passu with the lien of this Agreement;

(b) remove, sell, destroy or authorize or permit to be removed, sold or destroyed any of the Collateral except, in the case only of Equipment, for the purpose of immediately replacing the same by other property of a similar nature and of a more useful or convenient character and of at least equal value and except, in the case of only Inventory, in the ordinary course of the business of the Debtor and for the purpose of carrying on the same.

5. The Debtor covenants, represents and warrants to the Secured Party that:

(a) the financial statements respecting the Debtor which have been or shall be delivered to the Secured Party are or shall be complete and correct and fairly represent the Debtor's financial position at the times, and earnings for the periods, indicated therein;

(b) there has been no material adverse change in the Debtor's position, financial or otherwise, from that indicated by the financial statements which have been delivered to the Secured Party and there are no actions, suits or proceedings pending, or, to the knowledge of the Debtor, threatened against the Debtor save as have been disclosed in writing to and approved in writing by the Secured Party;

(c) subject only to Permitted Encumbrances, the Debtor lawfully owns and is lawfully possessed of the Collateral and all property and assets indicated by the financial statements which it has delivered to the Secured Party to be owned by it and has good right and authority, and has duly exercised all requisite corporate power and authority to mortgage and charge the same as provided for herein, free and clear of all Encumbrances;

(d) the Debtor shall maintain insurance in a company not disapproved by the Secured Party upon the Collateral, to the full insurable value thereof in lawful money of Canada, against risks of fire, theft and including so-called extended coverage and such other risks as the Secured Party may from time to time specify, which insurance shall at all times be subject to mortgage clauses, in a form approved by the Secured Party and the Debtor shall forthwith assign, transfer and deliver unto the Secured Party the policy or policies of such insurance;

(e) the Debtor shall diligently preserve all its right, licenses, powers, privileges and franchises so as to preserve and protect the Collateral, observe and confirm to all valid requirements of law and of any governmental or municipal authority relative to the Collateral or the carrying on by the Debtor of its business and repair and keep in repair and good order and condition all property, including the Collateral, the use of which is necessary or advantageous in connection with its business;

(f) the Debtor shall immediately notify the Secured Party in writing of any change of name of the Debtor or of the Debtor's chief place of business and shall keep the Secured Party constantly informed in writing as to the location of the Collateral and the books of account and other records of the Debtor and shall not remove any of the same from the jurisdiction where presently located without the prior written consent of the Secured Party and the Debtor shall effect such registrations as may be required by the Secured Party from time to time to protect the security hereof; and

(g) the Collateral (other than Intangibles) located at 8181 Jane Street, Units 1 & 2, Concord, Ontario L4K 5P2.

6. Unless such event of default is waived by the Secured Party, all of the rights and remedies hereby conferred in respect of the Collateral shall become immediately enforceable and any and all additional and collateral securities for the Obligations shall become immediately enforceable upon the happening of any of the events following ("**events of default**"):

(a) if default occurs under any of the Obligations;

(b) if any act, matter or thing is done toward, or any action or proceeding is launched, had or taken for, terminating the corporate existence of the Debtor, whether by winding-up, surrender of charter or otherwise;

(c) if the Debtor commits any act of bankruptcy as defined in the *Bankruptcy and Insolvency Act* (Canada) or becomes an "insolvent person" within the meaning of the said Act;

(d) if the Debtor ceases to carry on its business or makes or proposes to make any sale of its assets in bulk or any sale of its assets out of the usual course of its business;

(e) if any receiver, administrator or manager of the property, assets or undertaking of the Debtor is appointed pursuant to the terms of any trust deed, trust indenture, debenture or similar instrument or by or under any judgment or order of any court;

(f) if any representation herein contained or made in relation hereto is not true;

(g) if any balance sheet or other financial statement provided by the Debtor to the Secured Party is false or misleading in any material respect;

(h) if the Debtor fails to pay, when due, any money which may, at any time or from time to time hereafter, be or become due owing by the Debtor to the Secured Party (whether or not payable pursuant hereto) or to any person not dealing at arm's length with the Secured Party, or makes default in the due and faithful performance, according to its terms, of any covenant, agreement, undertaking or promise on the part of the Debtor in favour of any person not dealing with the Secured Party as aforesaid, whether or not contained herein, or in favour of any person not dealing with the Secured Party as aforesaid, whether any such covenant, agreement, undertaking or promise now exists or is brought into existence or arises hereby or hereafter;

(i) if the Debtor permits any sum which has been admitted as due by it or is not disputed to be done by it and which forms, or is capable of being made, a charge upon any of the Collateral in priority to, or pari passu with, the charge created by this Agreement to remain unpaid for thirty (30) days after proceedings have been taken to enforce the same as such charge;

(j) if any proceedings are taken to enforce any Encumbrances affecting any of the Collateral;

(k) if effective management or control of the Debtor changes directly or indirectly by any sale, encumbrance, issuance or disposition of shares in the capital stock of the Debtor or otherwise.

7. Upon the happening of any of the events of default the Secured Party may by instrument in writing declare that the security hereof has become enforceable and the Secured Party shall have the following rights and powers:

(a) to enter into possession of all or any part of the Collateral;

(b) to preserve and maintain the Collateral and make such replacements thereof and additions thereto as it deems advisable;

(c) after entry by its officers or agents or without entry to sell, lease or otherwise dispose in any way whatsoever of all or any part of the Collateral either en bloc or separately at public auction or by tender or by private agreement and at such time or times and on such terms and conditions as the Secured Party in its absolute discretion may determine and without any notice to or concurrence of the Debtor;

(d) by instrument in writing to appoint any person or persons (whether an officer or officers of the Secured Party or not), firm or firms, corporation or corporations to be a receiver or receivers (hereinafter called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and appoint another or others in his stead.

8. The security of this Agreement may be realized and the rights enforced by any remedy or in any manner authorized or permitted by this Agreement or by law or equity and no remedy for the realization of the security hereof shall be exclusive of or dependent upon any other remedy and all or any remedies may from time to time be exercised independently or in combination.

9. Without limiting the generality of the foregoing sections of this Agreement, it shall be lawful for the Secured Party:

(a) to make any sale, lease or other disposition of the Collateral either for cash or upon credit or partly for one and partly for the other upon such conditions as to terms of payment as it in its absolute discretion may deem proper;

(b) to rescind or vary any contract of sale, lease or other disposition that the Secured Party may have entered into pursuant hereto and resell, release or redispose of the Collateral with or under any of the powers conferred herein; and

(c) to stop, suspend or adjourn any sale, lease or other disposition from time to time and to hold the same as adjourned without further notice.

10. Upon any sale, lease or other disposition referred to in this Agreement, the Secured Party shall be accountable only for money actually received by it. The Secured Party may deliver to the purchaser or purchasers of the Collateral or any part thereof good and sufficient conveyances or deeds for the same free and clear of any claim by the Debtor. The purchaser or lessee receiving any disposition of the Collateral or any part thereof need not inquire whether default under this Agreement has actually occurred but may as to this and all other matters rely upon a statutory declaration of an officer of the Secured Party, which declaration shall be conclusive evidence as between the Debtor and any such purchaser or lessee, and need not look to the application of the purchase money, rent or other consideration given upon such sale, lease or any other disposition, which shall not be affected by an irregularity of any nature or kind relating to the enforcing of the security hereof or the taking of possession of the Collateral or the sale, lease or other disposition thereof. Any receiver appointed as aforesaid shall have the

power without legal process:

(a) to take possession of the Collateral or any part thereof wherever the same may be found;

(b) to carry on the business of the Debtor or any part thereof in the name of the Debtor or of the Receiver;

(c) to exercise on behalf of the Secured Party all of the rights and remedies herein granted to the Secured Party;

and without in any way limiting the foregoing the Receiver shall have all the powers of a receiver appointed by a court of competent jurisdiction. Any Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor, and the Secured Party shall not be in any way responsible for any misconduct or negligence on the part of any Receiver or any loss resulting therefrom.

11. Upon the Secured Party declaring that the security hereof has become enforceable or the Debtor receiving notice from the Secured Party of the taking of possession of any of the Collateral or of the appointment of a Receiver, all the powers, functions, rights and privileges of the directors and officers of the Debtor with respect to the property, business and undertaking of the Debtor shall cease except to the extent specifically continued at any time by the Secured Party in writing.

12. The costs of any Receiver with respect to, and all expenditures made by the Secured Party or any Receiver in the course of doing anything hereby permitted to be done by the Secured Party or such Receiver, and the costs of any sale proceedings hereunder, whether such sale prove abortive or not, and all costs, charges and expenses incurred in inspecting the Collateral (which the Secured Party shall be entitled to) or in or about taking, recovering or keeping possession of any of the Collateral or in enforcing any of the personal remedies under these presents or by reason of non-payment or in procuring payment of the monies hereby secured or in the preparation and delivery of this Agreement and any other document which the Secured Party's counsel may deem requisite in connection herewith shall have the benefit of the lien hereby created. Without limiting the generality of the foregoing, such costs shall extend to and include any legal costs incurred by or on behalf of the Secured Party as between solicitor and own client.

13. Any and all payments made at any time in respect of the obligations and the proceeds realized from any securities held therefor (including monies realized from the enforcement of this Agreement) may be applied (and re-applied from time to time notwithstanding any previous application) to such part or parts of the Obligations as the Secured Party sees fit. The Debtor shall be accountable for any deficiency and the Secured Party shall be accountable for any surplus.

14. The Debtor acknowledges that the security interest in any item of Inventory and its proceeds shall constitute a purchase-money security interest to the extent it secures Obligations incurred by the Debtor to enable the Debtor to acquire rights in such Inventory. The Secured Party

hereby reserves title to any item of Inventory which may be sold by the Secured Party to the Debtor until satisfaction of the Obligations as aforesaid.

15. In this Agreement unless there is something in the subject matter or context inconsistent therewith:

(a) **"this Agreement"**, **"hereto"**, **"herein"**, **"hereof"**, **"hereby"**, **"hereunder"** and similar expressions refer to the whole of this Agreement and not to any particular article, section or other portion thereof and extend to and include any and every instrument supplemental or ancillary hereto or in implement hereof;

(b) **"Encumbrances"** means security interests, mortgages, hypothics, pledges, liens, distress, charges, or other claims or encumbrances of every nature or kind whatsoever;

(c) **"Secured Party"** means the Secured Party, its successors and assigns;

(d) **"Permitted Encumbrances"** means the following:

(i) liens for taxes, assessments or government charges or levies not for the time being due and diligent;

(ii) Encumbrances approved in writing by the Secured Party; and

(iii) the expression "not dealing at arm's length" has the meaning ascribed to it by the *Income Tax Act* (Canada).

(e) words importing the singular number only include the plural and vice versa and words importing the masculine gender include the feminine and neuter gender and words importing persons include firms and corporations and vice versa.

16. The rights of the Secured Party hereunder shall not be prejudiced nor shall the liabilities of the Debtor or of any other person be reduced in any way by the taking of any other security of any nature or kind whatsoever either at the time of execution of this Agreement or at any time hereafter.

17. The Debtor for valuable consideration irrevocably appoints the Secured Party and its officers from time to time or any of them to be the attorneys of the Debtor in the name of and on behalf of the Debtor to execute and do any deeds, transfers, conveyances, assignments, assurances and things which the Debtor ought to execute and do under the covenants and provisions herein contained and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Secured Party.

18. The Secured Party is entitled at any time whether or not an event of default has occurred hereunder to notify the account debtor or any obligor on an Instrument to make payment to the Secured Party whether or not the Debtor was therefore making collections on the Collateral and to take control of any proceeds to which the Secured Party if entitled.

19. The Debtor shall from time to time on demand by the Secured Party execute and deliver such further agreements supplemental hereto, which shall thereafter form part hereof, for the purpose of mortgaging to the Secured Party any property now owned or hereafter acquired by the Debtor and falling within the description of the Collateral, for correcting or amplifying the description of any property hereby mortgaged or intended so to be, or for any other purpose not inconsistent with the terms of this Agreement.

20. No act or omission by the Secured Party in any manner whatever in the premises shall extend to or be taken to affect any provision hereof or any subsequent breach or default or the rights resulting therefrom save only express waiver by the Secured Party in writing.

21. If the Debtor fails to do anything hereby required to be done by it the Secured Party may, but shall not be obliged to, do such thing and all sums thereby expended by the Secured Party shall be payable forthwith by the Debtor, shall be secured hereby and shall have the benefit of the lien hereby created, but no such performance by the Secured Party shall be deemed to relieve the Debtor from any default hereunder.

22. Except in the event of a disruption in postal service, any notice given hereunder to the Debtor shall be conclusively deemed to have been given and received upon the day next following the day upon which it is mailed in Ontario by prepaid registered post addressed to the Debtor at its place of business herein set out or at such other address as the Debtor may have specified by notice in writing given to the Secured Party.

23. This Agreement and all its provisions enures to the benefit of the Secured Party, its heirs, executors, administrators, successors and assigns, and shall be binding on the Debtor, the Debtor's heirs, executors, administrators, successors and assigns. Time shall be in all respects of the essence hereof. The Debtor acknowledges receipt of a copy hereof. Where the Debtor are two or more in number, the liability of the Debtor shall be both joint and several. Terms which are defined in the *Personal Property Security Act* (Ontario) shall have the same meaning where used herein.

IN WITNESS WHEREOF this Agreement has been executed by the Debtor on the 30th day of August, 2019.

MILESTONE MARBLE & GRANITE LTD.

____
Frank Arlotta – President

____
Laura Moscone - Secretary
We have authority to bind the corporation.

TAB H

Exhibit "H" – *intentionally deleted*

This is a placeholder page

TAB I

This is Exhibit “I” referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____

A Commissioner, etc.

ASSIGNMENT OF INDEBTEDNESS AND SECURITY
(Re: Debt owing to Group of Six Enterprises)

THIS ASSIGNMENT (the "**Agreement**") made on the 29th day of February 2024.

BETWEEN:

GROUP OF SIX ENTERPRISES LTD., a company incorporated pursuant to the laws of the Province of Ontario
(hereinafter called the "**Assignor**")

-and-

MILESTONE DISTRITBUTION 2024 LTD., a company incorporated pursuant to the laws of the Province of Ontario
(hereinafter called the "**Assignee**")

-and-

MILESTONE MARBLE & GRANITE LTD. a company incorporated pursuant to the laws of the Province of Ontario
(hereinafter called the "**Debtor**")

WHEREAS:

A. The Debtor is in the business of the supply of granite and marble inventory for construction, both commercial and retail, in Ontario and Canada.

B. The outstanding indebtedness owing by the Debtor to the Assignor is the principal amount of $182,425.40, pursuant to a promissory note dated May 3, 2023 in the principal amount of $171,000 (the "**Note**"), together with all interest accrued and continuing to accrue thereupon (collectively, the "**Indebtedness**").

C. As security for payment of the Indebtedness, the Assignor received the signed security instrument listed in <u>Schedule "A"</u> (the "**Security**") and registration thereof, in respect of which are set out therein.

D. The Assignee has offered to purchase from the Assignor the Indebtedness and the Security in accordance with the terms and conditions set out herein,

E. The Debtor has agreed to consent to the assignment of the Indebtedness and the Security by the Assignor to the Assignee.

NOW THEREFORE THIS ASSIGNMENT WITNESSES that in consideration of the delivery of promissory note by the Assignee to the Assignor, in the amount Indebtedness as at February 15, 2024 (the "**Note**") and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto (the "**Parties**") agree as follows:

1. ***Recitals*** – The Parties acknowledge and agree that each the recitals above are true and correct.

2. ***Assignment*** – The Assignor hereby unconditionally and irrevocably transfers, assigns and sets over to the Assignee, without recourse to the Assignor, and without any representation or warranty whatsoever except as expressly set out herein, all of the Assignor's right, title and interest in, to and under:

   (a) the Note;
   (b) the Indebtedness; and
   (c) the Security,

   together with the full benefit of all covenants and agreements contained therein and any registration in respect thereof.

3. ***Assignor Representations & Warranties*** – The Assignor represents and warrants to the Assignee that,

   (a) it holds no security against the Debtor's property other than the Security;

   (b) the Assignor has not previously sold, conveyed, assigned, released, discharged or encumbered the Loan Documents, the Indebtedness or the Security, either in whole or in part;

   (c) the Assignor has the legal right and authority to convey to the Assignee all of its right, title and interest in, to and under the Loan Documents, the Indebtedness and the Security in accordance with the provisions hereof;

   (d) the books and records of the Assignor as at February 15, 2024 disclose that the Indebtedness is in the amount set forth in the Recitals hereto and that this amount is due and owing by the Debtor to the Assignor and the interest rates applicable to each part of the Indebtedness are as set out in the Loan Documents; and

   (e) the Security has been delivered to and is held by the Assignor.

4. ***No other Representations or Warranties*** – The Assignee acknowledges that the Assignor makes no other representations or warranties and the Assignee accepts the Indebtedness and Security in their present state without any recourse to the Assignor or claims for indemnity against the Assignor for any matter or thing whatsoever, save and except in respect of the

representations and warranties expressly given by the Assignor in this Agreement. The Assignee hereby acknowledges that except for the representations and warranties expressly set out in this Agreement, it is accepting the Indebtedness and the Security on an "as is, where is" basis without recourse to the Assignor and without any other or further representation or warranty of any nature or kind whatsoever, including, without limitation, the collectability of the Indebtedness, the priority of the Security in relation to other creditors of the Debtor, the validity, enforceability or priority of the Security, any deficiency in the Security or the assets charged thereby, the location of the assets charged by the Security, any failure on the part of the Assignor to appropriately draft, have executed or register or perfect all or any portion of the Security, the existence or nature of any claims, charges, liens or interests against the assets charged by the Security, whether any of the assets charged by the Security constitute fixtures on the premises where they are or may be situate or the condition, merchantability, description, fitness for any particular purpose or use, suitability, durability, marketability, condition, quantity or quality thereof.

5. ***Covenant of Assignor re: Future Payments*** – The Assignor covenants and agrees that it will not, at any time hereafter, accept payment of the Indebtedness or any part thereof, or do any act by which the Assignee may be prevented or hindered from obtaining payment of the Indebtedness or enforcing the Security. Further, if after the date of this Agreement the Assignor should receive any such payment of the Indebtedness, the Assignor will promptly remit such payment to the Assignee.

6. ***Receipt of Copies of Documents*** – The Assignee acknowledges having received from the Assignor electronic copies of the Security, and if an original of the Security is available, the Assignor covenants to deliver same to the Assignee following receipt of the Note and execution of this Agreement.

7. ***Covenants of Assignee*** – By its acceptance of this Agreement, the Assignee covenants and agrees with the Assignor that:

   (a) it will not bring, take or commence any suits, actions or proceedings in connection with the Loan Documents, the Indebtedness or the Security in the name of the Assignor, and will not use the Assignor's name in any such suits, actions or proceedings other than for purposes of describing the Indebtedness and the Security; and

   (b) it hereby indemnify the Assignor from and to all costs, charges, damages, assessments and claims of any kind made by any third party or incurred by the Assignor in relation to the assigned Security and/or the assigned Indebtedness and this Agreement, or otherwise in connection with them

8. ***Appointment of Registering Agent*** – The Assignor appoints Loopstra Nixon LLP as its agent for registering such documents and filing such statements as may be required as a result of the assignment transaction detailed herein, and this shall be good and sufficient authorization for it do so.

9. ***Further Assurances*** – The Assignor and Assignee will from time to time execute, acknowledge and deliver all such further documents and do all such further acts and things as may be reasonably necessary to give effect to this Agreement for the purpose of better transferring and assigning of the Loan Documents, the Indebtedness and the Security pursuant to this Agreement.

10. ***Consent of Debtor*** – The Debtor hereby consents to the assignment of the Indebtedness and Security by the Assignor to the Assignee as contemplated hereby.

11. ***Assignment; Binding Effect*** – This Agreement will be binding upon the Assignor and the Assignee and their respective successors and assigns, and for the benefit of the Assignor, the Assignee and their respective successors and assigns.

12. ***Entire Agreement*** - This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and may not be amended or modified in any respect except by written instrument signed by all of the Parties. The recitals and Schedule each form an integral part of this Agreement.

13. ***Independent Legal Advice*** – The Assignee acknowledges, covenants and agrees that it has been provided with a reasonable opportunity to seek legal advice with respect to the execution and delivery of this Agreement and has either done so or decided to execute and deliver the same without obtaining such legal advice.

14. ***Governing Law*** – This Agreement will be governed exclusively by the laws of Ontario and the laws of Canada applicable therein.

15. ***Execution & Delivery*** – This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which taken together shall be deemed to constitute an original, and such counterparts shall together constitute one and the same instrument. To the extent this Agreement is delivered by facsimile, email or other electronic transmission (including electronic signature service), the receipt by each party of the other Parties' signature(s) shall serve to confirm the execution thereof by each such party.

IN WITNESS WHEREOF the Assignor, the Assignee and the Debtor have executed this Agreement with effect as of the date first above written.

GROUP OF SIX ENTERPRISES LTD.

DocuSigned by:

Per:__________________________

F8CD0421466940B...

Name: Laura Moscone
Title: Authorized Signing Officer

I have authority to bind the corporation.

MILESTONE DISTRIBUTION 2024 LTD.

DocuSigned by:

Per:______________________________

F8CD0421466940B...

Name: Laura Moscone

Title: Authorized Signing Officer

I have authority to bind the corporation.

MILESTONE MARBLE & GRANITE LTD.

DocuSigned by:

Per:______________________________

F8CD0421466940B...

Name: Laura Moscone

Title: Authorized Signing Officer

I have authority to bind the corporation.

SCHEDULE "A"
SECURITY

NO.	DOCUMENT	PPSA REGISTRATION DETAILS
1.	General Security Agreement by and between Group of Six Enterprises Ltd. and Milestone Marble & Granite Ltd., dated May 3, 2023.	File No. 792991233 Reg. No. 20230504 1206 1590 2117

ASSIGNMENT OF INDEBTEDNESS AND SECURITY
(Re: Debt owing to Falcon Enterprises)

THIS ASSIGNMENT (the "**Agreement**") made on the 29th day of February 2024.

BETWEEN:

FALCON ENTERPRISES CORP., a company incorporated
pursuant to the laws of the Province of Ontario
(hereinafter called the "**Assignor**")

-and-

MILESTONE DISTRITBUTION 2024 LTD., a company incorporated pursuant
to the laws of the Province of Ontario
(hereinafter called the "**Assignee**")

-and-

MILESTONE MARBLE & GRANITE LTD. a company incorporated pursuant
to the laws of the Province of Ontario
(hereinafter called the "**Debtor**")

WHEREAS:

A. The Debtor is in the business of the supply of granite and marble inventory for construction, both commercial and retail, in Ontario and Canada.

B. The outstanding indebtedness owing by the Debtor to the Assignor is the principal amount of $489,373.00, pursuant to:

a) a promissory note dated August 30, 2019 in the principal amount of $381,373.00 (the "**Note**"); and
b) $108,000, comprising all other principal amounts due and owing by the Debtor, whether by reason of advances to the Debtor by the Assignor or obligations incurred and unpaid by the Debtor to the Assignor, from time to time

together with all interest accrued and continuing to accrue thereupon (collectively, the "**Indebtedness**").

C. As security for payment of the Indebtedness, the Assignor received the signed security instrument listed in Schedule "A" (the "**Security**") and registration thereof, in respect of which are set out therein.

D. The Assignee has offered to purchase from the Assignor the Indebtedness and the Security in accordance with the terms and conditions set out herein,

E. The Debtor has agreed to consent to the assignment of the Indebtedness and the Security by the Assignor to the Assignee.

NOW THEREFORE THIS ASSIGNMENT WITNESSES that in consideration of the delivery of promissory note by the Assignee to the Assignor, in the amount Indebtedness as at February 15, 2024 (the "**Note**") and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto (the "**Parties**") agree as follows:

1. ***Recitals*** – The Parties acknowledge and agree that each the recitals above are true and correct.

2. ***Assignment*** – The Assignor hereby unconditionally and irrevocably transfers, assigns and sets over to the Assignee, without recourse to the Assignor, and without any representation or warranty whatsoever except as expressly set out herein, all of the Assignor's right, title and interest in, to and under:

   (a) the Note;
   (b) the Indebtedness; and
   (c) the Security,

   together with the full benefit of all covenants and agreements contained therein and any registration in respect thereof.

3. ***Assignor Representations & Warranties*** – The Assignor represents and warrants to the Assignee that,

   (a) it holds no security against the Debtor's property other than the Security;

   (b) the Assignor has not previously sold, conveyed, assigned, released, discharged or encumbered the Note, the Indebtedness or the Security, either in whole or in part;

   (c) the Assignor has the legal right and authority to convey to the Assignee all of its right, title and interest in, to and under the Note, the Indebtedness and the Security in accordance with the provisions hereof;

   (d) the books and records of the Assignor as at February 15, 2024 disclose that the Indebtedness is in the amount set forth in the Recitals hereto and that this amount is due and owing by the Debtor to the Assignor and the interest rates applicable to each part of the Indebtedness are as set out in the Note or otherwise exigible at law; and

(e) the Security has been delivered to and is held by the Assignor.

4. ***No other Representations or Warranties*** – The Assignee acknowledges that the Assignor makes no other representations or warranties and the Assignee accepts the Indebtedness and Security in their present state without any recourse to the Assignor or claims for indemnity against the Assignor for any matter or thing whatsoever, save and except in respect of the representations and warranties expressly given by the Assignor in this Agreement. The Assignee hereby acknowledges that except for the representations and warranties expressly set out in this Agreement, it is accepting the Indebtedness and the Security on an "as is, where is" basis without recourse to the Assignor and without any other or further representation or warranty of any nature or kind whatsoever, including, without limitation, the collectability of the Indebtedness, the priority of the Security in relation to other creditors of the Debtor, the validity, enforceability or priority of the Security, any deficiency in the Security or the assets charged thereby, the location of the assets charged by the Security, any failure on the part of the Assignor to appropriately draft, have executed or register or perfect all or any portion of the Security, the existence or nature of any claims, charges, liens or interests against the assets charged by the Security, whether any of the assets charged by the Security constitute fixtures on the premises where they are or may be situate or the condition, merchantability, description, fitness for any particular purpose or use, suitability, durability, marketability, condition, quantity or quality thereof.

5. ***Covenant of Assignor re: Future Payments*** – The Assignor covenants and agrees that it will not, at any time hereafter, accept payment of the Indebtedness or any part thereof, or do any act by which the Assignee may be prevented or hindered from obtaining payment of the Indebtedness or enforcing the Security. Further, if after the date of this Agreement the Assignor should receive any such payment of the Indebtedness, the Assignor will promptly remit such payment to the Assignee.

6. ***Receipt of Copies of Documents*** – The Assignee acknowledges having received from the Assignor electronic copies of the Security, and if an original of the Security is available, the Assignor covenants to deliver same to the Assignee following receipt of the Note and execution of this Agreement.

7. ***Covenants of Assignee*** – By its acceptance of this Agreement, the Assignee covenants and agrees with the Assignor that:

    (a) it will not bring, take or commence any suits, actions or proceedings in connection with the Note, the Indebtedness or the Security in the name of the Assignor, and will not use the Assignor's name in any such suits, actions or proceedings other than for purposes of describing the Indebtedness and the Security; and

    (b) it hereby indemnify the Assignor from and to all costs, charges, damages, assessments and claims of any kind made by any third party or incurred by the Assignor in relation to the assigned Security and/or the assigned Indebtedness and this Agreement, or otherwise in connection with them.

8. ***Appointment of Registering Agent*** – The Assignor appoints Loopstra Nixon LLP as its agent for registering such documents and filing such statements as may be required as a result of the assignment transaction detailed herein, and this shall be good and sufficient authorization for it do so.

9. ***Further Assurances*** – The Assignor and Assignee will from time to time execute, acknowledge and deliver all such further documents and do all such further acts and things as may be reasonably necessary to give effect to this Agreement for the purpose of better transferring and assigning of the Note, the Indebtedness and the Security pursuant to this Agreement.

10. ***Consent of Debtor*** – The Debtor hereby consents to the assignment of the Indebtedness and Security by the Assignor to the Assignee as contemplated hereby.

11. ***Assignment; Binding Effect*** – This Agreement will be binding upon the Assignor and the Assignee and their respective successors and assigns, and for the benefit of the Assignor, the Assignee and their respective successors and assigns.

12. ***Entire Agreement*** - This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and may not be amended or modified in any respect except by written instrument signed by all of the Parties. The recitals and Schedule each form an integral part of this Agreement.

13. ***Independent Legal Advice*** – The Assignee acknowledges, covenants and agrees that it has been provided with a reasonable opportunity to seek legal advice with respect to the execution and delivery of this Agreement and has either done so or decided to execute and deliver the same without obtaining such legal advice.

14. ***Governing Law*** – This Agreement will be governed exclusively by the laws of Ontario and the laws of Canada applicable therein.

15. ***Execution & Delivery*** – This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which taken together shall be deemed to constitute an original, and such counterparts shall together constitute one and the same instrument. To the extent this Agreement is delivered by facsimile, email or other electronic transmission (including electronic signature service), the receipt by each party of the other Parties' signature(s) shall serve to confirm the execution thereof by each such party.

IN WITNESS WHEREOF the Assignor, the Assignee and the Debtor have executed this Agreement with effect as of the date first above written.

FALCON ENTERPRISES CORP.

DocuSigned by:

Per:______________________________
F8CD0421466940B...
Name: Laura Moscone
Title: President

I have authority to bind the corporation.

MILESTONE DISTRIBUTION 2024 LTD.

DocuSigned by:

Per:______________________________
F8CD0421466940B...
Name: Laura Moscone
Title: Authorized Signing Officer

I have authority to bind the corporation.

MILESTONE MARBLE & GRANITE LTD.

DocuSigned by:

Per:______________________________
F8CD0421466940B...
Name: Laura Moscone
Title: Authorized Signing Officer

I have authority to bind the corporation.

SCHEDULE "A"
SECURITY

NO.	DOCUMENT	PPSA REGISTRATION DETAILS
1.	General Security Agreement by and between Falcon Enterprises Corp. and Milestone Marble & Granite Ltd., dated August 30, 2019.	File No. 754966575 Reg. No. 20190830 1130 1862 7004

ASSIGNMENT OF INDEBTEDNESS AND SECURITY
(Re: Debt owing to Laura Moscone)

THIS ASSIGNMENT (the "**Agreement**") made on the 29th day of February 2024.

BETWEEN:

LAURA MOSCONE., an individual residing in the Province of Ontario
(hereinafter called the "**Assignor**")

-and-

MILESTONE DISTRITBUTION 2024 LTD., a company incorporated pursuant to the laws of the Province of Ontario
(hereinafter called the "**Assignee**")

-and-

MILESTONE MARBLE & GRANITE LTD. a company incorporated pursuant to the laws of the Province of Ontario
(hereinafter called the "**Debtor**")

WHEREAS:

A. The Debtor is in the business of the supply of granite and marble inventory for construction, both commercial and retail, in Ontario and Canada.

B. The outstanding indebtedness owing by the Debtor to the Assignor in the principal amount of $233,327.17, outstanding pursuant to:

(a) a promissory note dated May 3, 2023 in the principal amount of $31,900.00 (the "**Note**"); and
(b) $199,295.77, comprising all other principal amounts due and owing by the Debtor, whether by reason of advances to the Debtor by the Assignor or obligations incurred and unpaid by the Debtor to the Assignor, from time to time,

together with all interest accrued and continuing to accrue thereupon (collectively, the "**Indebtedness**").

C. As security for payment of the Indebtedness, the Assignor received the signed security instrument listed in Schedule "A" (the "**Security**") and registration thereof, in respect of which are set out therein.

D. The Assignee has offered to purchase from the Assignor the Indebtedness and the Security in accordance with the terms and conditions set out herein,

E. The Debtor has agreed to consent to the assignment of the Indebtedness and the Security by the Assignor to the Assignee.

NOW THEREFORE THIS ASSIGNMENT WITNESSES that in consideration of the delivery of promissory note by the Assignee to the Assignor, in the amount Indebtedness as at February 15, 2024 (the "**Note**") and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto (the "**Parties**") agree as follows:

1. ***Recitals*** – The Parties acknowledge and agree that each the recitals above are true and correct.

2. ***Assignment*** – The Assignor hereby unconditionally and irrevocably transfers, assigns and sets over to the Assignee, without recourse to the Assignor, and without any representation or warranty whatsoever except as expressly set out herein, all of the Assignor's right, title and interest in, to and under:

   (a) the Note;
   (b) the Indebtedness; and
   (c) the Security,

   together with the full benefit of all covenants and agreements contained therein and any registration in respect thereof.

3. ***Assignor Representations & Warranties*** – The Assignor represents and warrants to the Assignee that,

   (a) it holds no security against the Debtor's property other than the Security;

   (b) the Assignor has not previously sold, conveyed, assigned, released, discharged or encumbered the Note, the Indebtedness or the Security, either in whole or in part;

   (c) the Assignor has the legal right and authority to convey to the Assignee all of its right, title and interest in, to and under the Note, the Indebtedness and the Security in accordance with the provisions hereof;

   (d) the books and records of the Assignor as at February 15, 2024 disclose that the Indebtedness is in the amount set forth in the Recitals hereto and that this amount is due and owing by the Debtor to the Assignor and the interest rates applicable to each part of the Indebtedness are as set out in the Note; and

(e) the Security has been delivered to and is held by the Assignor.

4. ***No other Representations or Warranties*** – The Assignee acknowledges that the Assignor makes no other representations or warranties and the Assignee accepts the Indebtedness and Security in their present state without any recourse to the Assignor or claims for indemnity against the Assignor for any matter or thing whatsoever, save and except in respect of the representations and warranties expressly given by the Assignor in this Agreement. The Assignee hereby acknowledges that except for the representations and warranties expressly set out in this Agreement, it is accepting the Indebtedness and the Security on an “as is, where is” basis without recourse to the Assignor and without any other or further representation or warranty of any nature or kind whatsoever, including, without limitation, the collectability of the Indebtedness, the priority of the Security in relation to other creditors of the Debtor, the validity, enforceability or priority of the Security, any deficiency in the Security or the assets charged thereby, the location of the assets charged by the Security, any failure on the part of the Assignor to appropriately draft, have executed or register or perfect all or any portion of the Security, the existence or nature of any claims, charges, liens or interests against the assets charged by the Security, whether any of the assets charged by the Security constitute fixtures on the premises where they are or may be situate or the condition, merchantability, description, fitness for any particular purpose or use, suitability, durability, marketability, condition, quantity or quality thereof.

5. ***Covenant of Assignor re: Future Payments*** – The Assignor covenants and agrees that it will not, at any time hereafter, accept payment of the Indebtedness or any part thereof, or do any act by which the Assignee may be prevented or hindered from obtaining payment of the Indebtedness or enforcing the Security. Further, if after the date of this Agreement the Assignor should receive any such payment of the Indebtedness, the Assignor will promptly remit such payment to the Assignee.

6. ***Receipt of Copies of Documents*** – The Assignee acknowledges having received from the Assignor electronic copies of the Security, and if an original of the Security is available, the Assignor covenants to deliver same to the Assignee following receipt of the Note and execution of this Agreement.

7. ***Covenants of Assignee*** – By its acceptance of this Agreement, the Assignee covenants and agrees with the Assignor that:

   (a) it will not bring, take or commence any suits, actions or proceedings in connection with the Note, the Indebtedness or the Security in the name of the Assignor, and will not use the Assignor's name in any such suits, actions or proceedings other than for purposes of describing the Indebtedness and the Security;

   (b) it hereby indemnify the Assignor from and to all costs, charges, damages, assessments and claims of any kind made by any third party or incurred by the Assignor in relation to the assigned Security and/or the assigned Indebtedness and this Agreement, or otherwise in connection with them;

8. ***Appointment of Registering Agent*** – The Assignor appoints Loopstra Nixon LLP as its agent for registering such documents and filing such statements as may be required as a result of the assignment transaction detailed herein, and this shall be good and sufficient authorization for it do so.

9. ***Further Assurances*** – The Assignor and Assignee will from time to time execute, acknowledge and deliver all such further documents and do all such further acts and things as may be reasonably necessary to give effect to this Agreement for the purpose of better transferring and assigning of the Note, the Indebtedness and the Security pursuant to this Agreement.

10. ***Consent of Debtor*** – The Debtor hereby consents to the assignment of the Indebtedness and Security by the Assignor to the Assignee as contemplated hereby.

11. ***Assignment; Binding Effect*** – This Agreement will be binding upon the Assignor and the Assignee and their respective successors and assigns, and for the benefit of the Assignor, the Assignee and their respective successors and assigns.

12. ***Entire Agreement*** - This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and may not be amended or modified in any respect except by written instrument signed by all of the Parties. The recitals and Schedule each form an integral part of this Agreement.

13. ***Independent Legal Advice*** – The Assignee acknowledges, covenants and agrees that it has been provided with a reasonable opportunity to seek legal advice with respect to the execution and delivery of this Agreement and has either done so or decided to execute and deliver the same without obtaining such legal advice.

14. ***Governing Law*** – This Agreement will be governed exclusively by the laws of Ontario and the laws of Canada applicable therein.

15. ***Execution & Delivery*** – This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which taken together shall be deemed to constitute an original, and such counterparts shall together constitute one and the same instrument. To the extent this Agreement is delivered by facsimile, email or other electronic transmission (including electronic signature service), the receipt by each party of the other Parties' signature(s) shall serve to confirm the execution thereof by each such party.

IN WITNESS WHEREOF the Assignor, the Assignee and the Debtor have executed this Agreement with effect as of the date first above written.

DocuSigned by:

F8CD0421466940B...

LAURA MOSCONE

MILESTONE DISTRIBUTION 2024 LTD.

DocuSigned by:

Per:______________________________

F8CD0421466940B...

Name: Laura Moscone
Title: Authorized Signing Officer

I have authority to bind the corporation.

MILESTONE MARBLE & GRANITE LTD.

DocuSigned by:

Per:______________________________

F8CD0421466940B...

Nsame: Laura Moscone
Title: Authorized Signing Officer

I have authority to bind the corporation.

SCHEDULE "A"
SECURITY

NO.	DOCUMENT	PPSA REGISTRATION DETAILS
1.	General Security Agreement by and between Laura Moscone and Milestone Marble & Granite Ltd., dated May 3, 2023.	File No. 792991287 Reg. No. 20230504 1208 1590 2121

TAB J

This is Exhibit "J" referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

Enquiry Result

File Currency: **17APR 2024**

Show All Pages

All Pages

Note: All pages have been returned.

Type of Search	Business Debtor								
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.								
File Currency	17APR 2024								
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**		
	703263141	1	4	1	11	28JAN 2025			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**		**Registration Number**	**Registered Under**	**Registration Period**	
703263141		01	005			20150128 1436 8077 2728	P PPSA	10	
Individual Debtor	**Date of Birth**		**First Given Name**			**Initial**	**Surname**		
Business Debtor	**Business Debtor Name**						**Ontario Corporation Number**		
	MILESTONE MARBLE & GRANITE LTD								
	Address					**City**	**Province**	**Postal Code**	
	8181 JANE STREET					CONCORD	ON	L4K5P2	
Individual Debtor	**Date of Birth**		**First Given Name**			**Initial**	**Surname**		
Business Debtor	**Business Debtor Name**						**Ontario Corporation Number**		
	Address					**City**	**Province**	**Postal Code**	
Secured Party	**Secured Party / Lien Claimant**								
	ROYAL BANK OF CANADA								
	Address					**City**	**Province**	**Postal Code**	
	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**
		X	X	X	X				X
Motor Vehicle Description	**Year**	**Make**				**Model**	**V.I.N.**		
General Collateral Description	**General Collateral Description**								
	AS PER MASTER LEASE AGREEMENT DATED JANUARY 28, 2015 TOGETHER								
	INVENTORY AND EQUIPMENT NOW OR HEREAFTER ACQUIRED BY THE DEBTOR AND								
	FINANCED BY THE SECURED PARTY TOGETHER WITH ALL ATTACHMENTS,								

Registering Agent	Registering Agent			
	REGISTRY = RECOVERY INC.			
	Address	**City**	**Province**	**Postal Code**
	1551 THE QUEENSWAY	TORONTO	ON	M8Z 1T5

CONTINUED

Type of Search	Business Debtor							
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.							
File Currency	17APR 2024							
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**	
	703263141	1	4	2	11	28JAN 2025		

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**	**Registration Number**	**Registered Under**	**Registration Period**
703263141		02	005		20150128 1436 8077 2728		

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	Address	**City**	**Province**	**Postal Code**

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	Address	**City**	**Province**	**Postal Code**

Secured Party	**Secured Party / Lien Claimant**			
	Address	**City**	**Province**	**Postal Code**

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**
	ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND
	IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY
	OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS

Registering Agent	**Registering Agent**			
	Address	**City**	**Province**	**Postal Code**

CONTINUED

Type of Search	Business Debtor							
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.							
File Currency	17APR 2024							
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**	
	703263141	1	4	3	11	28JAN 2025		

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**	**Registration Number**	**Registered Under**	**Registration Period**
703263141		03	005		20150128 1436 8077 2728		

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	Address		**City**	**Province** / **Postal Code**
Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	Address		**City**	**Province** / **Postal Code**

Secured Party	**Secured Party / Lien Claimant**			
	Address	**City**	**Province**	**Postal Code**

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**
	THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-
	TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER
	PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER,

Registering Agent	**Registering Agent**			
	Address	**City**	**Province**	**Postal Code**

CONTINUED

Type of Search	Business Debtor							
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.							
File Currency	17APR 2024							
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**	
	703263141	1	4	4	11	28JAN 2025		

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**	**Registration Number**	**Registered Under**	**Registration Period**
703263141		04	005		20150128 1436 8077 2728		

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	Address	**City**	**Province**	**Postal Code**

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	Address	**City**	**Province**	**Postal Code**

Secured Party	**Secured Party / Lien Claimant**			
	Address	**City**	**Province**	**Postal Code**

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**
	INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS
	OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR
	COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE

Registering Agent	**Registering Agent**			
	Address	**City**	**Province**	**Postal Code**

CONTINUED

Type of Search	Business Debtor							
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.							
File Currency	17APR 2024							
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**	
	703263141	1	4	5	11	28JAN 2025		

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**	**Registration Number**	**Registered Under**	**Registration Period**
703263141		05	005		20150128 1436 8077 2728		

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**	
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**	
	Address		**City**	**Province**	**Postal Code**

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**	
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**	
	Address		**City**	**Province**	**Postal Code**

Secured Party	**Secured Party / Lien Claimant**			
	Address	**City**	**Province**	**Postal Code**

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**
	COLLATERAL.

Registering Agent	**Registering Agent**			
	Address	**City**	**Province**	**Postal Code**

END OF FAMILY

Type of Search	Business Debtor							
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.							
File Currency	17APR 2024							
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**	
	754966575	2	4	6	11	30AUG 2024		

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**	**Registration Number**	**Registered Under**	**Registration Period**
754966575		001	001		20190830 1130 1862 7004	P PPSA	5

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**	
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**	
	MILESTONE MARBLE & GRANITE LTD.			1440055	
	Address		**City**	**Province**	**Postal Code**
	8181 JANE STREET, UNIT 2		CONCORD	ON	L4K 5P2

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**	
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**	
	Address		**City**	**Province**	**Postal Code**

Secured Party	**Secured Party / Lien Claimant**			
	FALCON ENTERPRISES CORP.			
	Address	**City**	**Province**	**Postal Code**
	8181 JANE STREET, UNIT 2	CONCORD	ON	L4K 5P2

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**
	X	X	X	X					X

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**

Registering Agent	**Registering Agent**			
	CYBERBAHN			
	Address	**City**	**Province**	**Postal Code**
	400-333 BAY STREET	TORONTO	ON	M5H 2R2

CONTINUED

Type of Search	Business Debtor
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.
File Currency	17APR 2024

	File Number	Family	of Families	Page	of Pages
	754966575	2	4	7	11

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
		001	1		20240408 1328 1590 7686	

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	754966575			D ASSGNMT		

Reference Debtor/ Transferor	First Given Name	Initial	Surname
	Business Debtor Name		
	MILESTONE MARBLE & GRANITE LTD.		

Other Change	Other Change

Reason / Description	Reason / Description

Debtor/ Transferee	Date of Birth	First Given Name	Initial	Surname

	Business Debtor Name	Ontario Corporation Number

	Address	City	Province	Postal Code

Assignor Name	Assignor Name
	FALCON ENTERPRISES CORP.
Secured Party	**Secured party, lien claimant, assignee**
	MILESTONE DISTRIBUTION 2024 LTD.

	Address	City	Province	Postal Code
	8181 JANE STREET, UNIT 2	CONCORD	ON	L4K 5P2

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

Registering Agent	Registering Agent or Secured Party/ Lien Claimant
	LOOPSTRA NIXON LLP / REXLAW 33828-0001

	Address	City	Province	Postal Code
	600-135 QUEENS PLATE DRIVE	ETOBICOKE	ON	M9W 6V7

END OF FAMILY

Type of Search	Business Debtor							
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.							
File Currency	17APR 2024							
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**	
	792991233	3	4	8	11	04MAY 2028		

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**	**Registration Number**	**Registered Under**	**Registration Period**
792991233		001	1		20230504 1206 1590 2117	P PPSA	5

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	MILESTONE MARBLE & GRANITE LTD.			
	Address	**City**	**Province**	**Postal Code**
	8181 JANE STREET	CONCORD	ON	L4K 5P2
Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	Address	**City**	**Province**	**Postal Code**
Secured Party	**Secured Party / Lien Claimant**			
	GROUP OF SIX ENTERPRISES LTD.			
	Address	**City**	**Province**	**Postal Code**
	8181 JANE STREET	CONCORD	ON	L4K 5P2

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**
		X	X	X	X	X			

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**

Registering Agent	**Registering Agent**			
	MILLER THOMSON LLP (TORONTO)			
	Address	**City**	**Province**	**Postal Code**
	5800-40 KING ST W	TORONTO	ON	M5H 3S1

CONTINUED

Type of Search	Business Debtor						
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.						
File Currency	17APR 2024						
	File Number	**Family**	**of Families**	**Page**	**of Pages**		
	792991233	3	4	9	11		

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	Caution Filing	**Page of**	**Total Pages**	**Motor Vehicle Schedule Attached**	**Registration Number**	**Registered Under**
		001	1		20240408 1327 1590 7685	

Record Referenced	**File Number**	**Page Amended**	**No Specific Page Amended**	**Change Required**	**Renewal Years**	**Correct Period**
	792991233			D ASSGNMT		

Reference Debtor/ Transferor	**First Given Name**	**Initial**	**Surname**
	Business Debtor Name		
	MILESTONE MARBLE & GRANITE LTD.		

Other Change	**Other Change**
Reason / Description	**Reason / Description**

Debtor/ Transferee	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
	Business Debtor Name			**Ontario Corporation Number**
	Address	**City**	**Province**	**Postal Code**

Assignor Name	**Assignor Name**			
	GROUP OF SIX ENTERPRISES LTD.			
Secured Party	**Secured party, lien claimant, assignee**			
	MILESTONE DISTRIBUTION 2024 LTD.			
	Address	**City**	**Province**	**Postal Code**
	8181 JANE STREET, UNIT 2	CONCORD	ON	L4K 5P2

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**

Registering Agent	**Registering Agent or Secured Party/ Lien Claimant**
	LOOPSTRA NIXON LLP / REXLAW 33828-0001

	Address	City	Province	Postal Code
	600-135 QUEENS PLATE DRIVE	ETOBICOKE	ON	M9W 6V7

END OF FAMILY

Type of Search	Business Debtor							
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.							
File Currency	17APR 2024							
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**	
	792991287	4	4	10	11	04MAY 2028		

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**	**Registration Number**	**Registered Under**	**Registration Period**
792991287		001	1		20230504 1208 1590 2121	P PPSA	5

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**	
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**	
	MILESTONE MARBLE & GRANITE LTD.				
	Address		**City**	**Province**	**Postal Code**
	8181 JANE STREET		CONCORD	ON	L4K 5P2
Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**	
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**	
	Address		**City**	**Province**	**Postal Code**
Secured Party	**Secured Party / Lien Claimant**				
	LAURA MOSCONE				
	Address		**City**	**Province**	**Postal Code**
	8181 JANE STREET		CONCORD	ON	L4K 5P2

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**
		X	X	X	X	X			

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**

Registering Agent	**Registering Agent**			
	MILLER THOMSON LLP (TORONTO)			
	Address	**City**	**Province**	**Postal Code**
	5800-40 KING ST W	TORONTO	ON	M5H 3S1

CONTINUED

Type of Search	Business Debtor					
Search Conducted On	MILESTONE MARBLE & GRANITE LTD.					
File Currency	17APR 2024					
	File Number	**Family**	**of Families**	**Page**	**of Pages**	
	792991287	4	4	11	11	

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	Caution Filing	**Page of**	**Total Pages**	**Motor Vehicle Schedule Attached**	**Registration Number**	**Registered Under**
		001	1		20240408 1327 1590 7684	

Record Referenced	**File Number**	**Page Amended**	**No Specific Page Amended**	**Change Required**	**Renewal Years**	**Correct Period**
	792991287			D ASSGNMT		

Reference Debtor/ Transferor	**First Given Name**	**Initial**	**Surname**
	Business Debtor Name		
	MILESTONE MARBLE & GRANITE LTD.		

Other Change	**Other Change**

Reason / Description	**Reason / Description**

Debtor/ Transferee	**Date of Birth**	**First Given Name**	**Initial**	**Surname**	
	Business Debtor Name			**Ontario Corporation Number**	
	Address		**City**	**Province**	**Postal Code**

Assignor Name	**Assignor Name**			
	LAURA MOSCONE			
Secured Party	**Secured party, lien claimant, assignee**			
	MILESTONE DISTRIBUTION 2024 LTD.			
	Address	**City**	**Province**	**Postal Code**
	8181 JANE STREET, UNIT 2	CONCORD	ON	L4K 5P2

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**

Registering Agent	**Registering Agent or Secured Party/ Lien Claimant**
	LOOPSTRA NIXON LLP / REXLAW 33828-0001

	Address	City	Province	Postal Code
	600-135 QUEENS PLATE DRIVE	ETOBICOKE	ON	M9W 6V7

LAST PAGE

Note: All pages have been returned.

BACK TO TOP

All Pages

Show All Pages

Web Page ID: **WEnqResult** System Date: **18APR2024** Last Modified: February 21, 2024

TAB K

This is Exhibit “K” referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____

A Commissioner, etc.

LOOPSTRA NIXON LLP
BARRISTERS AND SOLICITORS

R. Graham Phoenix*
Direct Line: (416) 748-4776
gphoenix@LN.law

March 25, 2024
File No. 33828-0001

VIA EMAIL

Milestone Marble & Granite Ltd.
8181 Jane Street,
Unit #2
Concord, ON, L4K 5P2

ATTN: LAURA MOSCONE

Dear Ms Moscone,

RE: Demand for Payment and Service of Section 244 Notice

We are counsel for Milestone Distribution 2024 Ltd ("**Milestone Distribution**") in respect of the above-noted matter.

As you know, pursuant to three Assignment of Indebtedness and Security Agreements (the "**Assignment**) executed February 29, 2024 between Milestone Distribution, and each of Group of Six Enterprises, Falcon Enterprises Corp., and Laura Moscone (the "**Assignors**"), Milestone Distribution purchased the indebtedness of Milestone Marble & Granite Ltd ("**Milestone Marble**" or the "**Debtor**") owing to each of the Assignors.

Indebtedness

Pursuant to a promissory note dated May 3, 2023, Group of Six Enterprises Ltd advanced the principal amount of $171,000 to Milestone Marble. Such promissory note bears interest at the rate of prime plus 3% per annum, calculated daily and payable monthly.

Pursuant to a promissory note dated May 3, 2023, Laura Moscone advanced the principal amount of $31,900 to Milestone Marble. Such promissory note bears interest at the rate of prime plus 3% per annum, calculated daily and payable monthly. Laura Moscone also advanced a total of $199,295.77 to the Debtor by way of certain advances and other obligations incurred and unpaid.

Pursuant to a promissory note dated August 30, 2019, Falcon Enterprises Corp. advanced the principal amount of $381,373 to Milestone Marble. Falcon also advanced a total of $108,000 to the Debtor by was of certain advances and other obligations incurred and unpaid.

As at the date hereof, the Debtor is liable to Milestone Distribution in the amount of $906,881.58, together with all interest and costs with are continuing to accrue. (the "**Indebtedness**").

LOOPSTRA NIXON LLP
BARRISTERS AND SOLICITORS

In addition, the Debtor is liable for such legal costs and other enforcement costs as may be incurred by Milestone Distribution in respect of the enforcement of the Assignment and the Security (*as defined below*), from time to time, the particulars of which can be provided upon request (collectively, the "**Costs**").

Security

As security for the payment and performance of all of its indebtedness, liabilities and obligations, present and future, direct or indirect, absolute or contingent, the Debtor executed General Security Agreements in favour of each of the Assignors, pursuant to which the Debtor pledged, assigned mortgaged, charged and hypothecated to granted a security interest in all of the Debtor's present and after-acquired property, which security was registered under the Ontario *Personal Property Security Act* (the "**Security**"). Such Security was purchased by Milestone Distribution pursuant to the Assignments.

Demand

Each Note provides that the obligations secured thereby are payable on demand.

As a result, Milestone Distribution is entitled to and does hereby demand from the Debtor the immediate payment in full of the Indebtedness and Costs by or before April 5, 2024.

To obtain an updated pay-out statement, including Costs, and to arrange delivery of payment, please contact the undersigned.

If the Debtor fails to pay the Indebtedness and Costs ***by or before April 5, 2024***, Milestone Distribution will pursue its legal rights and remedies for the collection of such amounts, which includes the right to exercise any and all rights and remedies available at law, under the Assignment and Security, and in equity. Milestone Distribution may exercise such rights without further notice to Milestone Marble.

In the event that Milestone Marble qualifies as an "insolvent person" within the meaning of such term under the *Bankruptcy and Insolvency Act*, we enclose herewith a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*.

In the interim, Milestone Distribution expressly reserves all of its right to take whatever measures it may consider necessary or appropriate to preserve and protect its interests and to pursue its remedies under the Assignment, the Security, any statute, at common law and/or in equity, including without limitation the right to seek the appointment of a receiver by a Court of competent jurisdiction. Nothing in this letter shall be construed as a waiver of such rights.

For greater certainty, nothing herein or in the attached notice shall affect or limit Milestone Distribution's rights under the Assignment, the Security or otherwise in respect of the Indebtedness or Milestone Distribution's ability to claim for any costs or deficiency associated with the collection thereof, all of which is and remains secured by the Security.

LOOPSTRA NIXON LLP
BARRISTERS AND SOLICITORS

Yours truly,

LOOPSTRA NIXON LLP
Per:

R. Graham Phoenix*
Partner
*Practising as RGP Professional Corporation

LOOPSTRA NIXON LLP
BARRISTERS AND SOLICITORS

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the Bankruptcy and Insolvency Act)

[THE EXECUTION AND DELIVERY OF THIS NOTICE DOES NOT CONSISTUTE AN ACKNOWLEDGMENT THAT THE CREDITOR IS OBLIGED TO SEND THIS NOTICE OR THAT SECTION 244 OF THE BANKRUTPCY AND INSOLVENCY ACT APPLIES TO THIS CASE OR AN ALLEGATION THAT THE DEBTOR IS AN INSOLVENT PERSON WITHIN THE MEANING OF THE BANKRUPTCY AND INSOLVENCY ACT.]

TO: MILESTONE MARBLE & GRANITE LTD.
8181 Jane Street,
Unit #2
Concord, ON, L4K 5P2

TAKE NOTICE that:

1. Milestone Distribution 2024 Ltd. ("**Milestone Distribution**"), a secured creditor, intends to enforce its security on all or substantially all of your present and after acquired property, assets and undertaking and/or proceeds thereof.

2. The security that is to be enforced comprises, among other things, two general security agreements executed in or around May 3, 2023, and a general security agreement executed in or around August 30, 2019 (the "**Security**").

3. The total amount of indebtedness secured by the Security and sought via the demand delivered herewith is $906,881.58 as at March 25, 2024, together with accruing interest and all other charges and expenses of enforcement claimable thereunder. (Which amount is in addition to any contingent liability that may arise under the Security at a later date.)

4. Milestone Distribution will not have the right to enforce the security until the expiry of a 10-day period following the sending of this Notice unless you consent to an earlier enforcement by execution of the attached waiver.

DATED at Toronto, this 25th day of March, 2024.

MILESTONE DISTRIBUTION 2024 LTD., by its solicitors Loopstra Nixon LLP

____
Per: R. Graham Phoenix

LOOPSTRA NIXON LLP
BARRISTERS AND SOLICITORS

WAIVER

THE UNDERSIGNED. hereby waives the notice period provided for under section 244(2) of the Bankruptcy and Insolvency Act, R.S.C. 1985, C. B-3, as amended and consents to the immediate enforcement by Milestone Distribution 2024 Ltd. of its security in the attached Notice of Intention to Enforce Security dated March 25, 2024

DATED at _______________, Ontario this _____ day of _______________,2024.

MILESTONE MARBLE & GRANITE LTD.

____
per:
Title:

TAB L

This is Exhibit "L" referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____

A Commissioner, etc.

Court File No./N° du dossier du greffe: CV-21-00667675-0000

SUPERIOR COURT OF JUSTICE ★ COUR SUPÉRIEURE DE JUSTICE ★

Electronically issued
Délivré par voie électronique : 25-Aug-2021
Toronto

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

MMG STONE FABRICATION LTD.

Plaintiff

- and –

MILESTONE MARBLE & GRANITE LTD., FALCON ENTERPRISES CORP., FRANK ARLOTTA and LAURA MOSCONE

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiffs. The claim against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service, in this court office, **WITHIN TWENTY DAYS** after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL

FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and $500.00 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and $100.00 for costs and have the costs assessed by the court.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date: August , 2021 Issued by ________________________

Local registrar

Address of court office:

330 University Avenue
8th Floor
Toronto, ON
M5G 1R7

TO: **Milestone Marble & Granite Ltd.,**
Falcon Enterprises Corp.,
Frank Arlotta
Laura Moscone
c/o Michael Arbutina
Miller Thomson LLP
Vaughan Metropolitan Centre
100 New Park Place
Suite 700
Vaughan, ON L4K 0H9

CLAIM

1. The Plaintiff's claims are against the Defendants for the following:

(a) A Declaration pursuant to s.248 of the *Ontario Business Corporations Act*, as amended ("the *OBCA*") that the Defendants have engaged in conduct that is oppressive, prejudicial to and unfairly disregardful of the interests of the Plaintiff as a shareholder and creditor of Milestone Marble & Granite Ltd. ("Milestone");

(b) A Declaration pursuant to s. 248 of the *OBCA* that Laura Moscone ("Laura") and Frank Arlotta ("Frank"), as Directors of Milestone, caused the affairs of Milestone to be conducted in a manner that is oppressive, prejudicial to and unfairly disregardful of the interests of the Plaintiff;

(c) A Declaration that all acts, proceedings, resolutions and by-laws purporting to have been done, taken, passed or enacted from and after June 1, 2015, to the present concerning Milestone and its affairs, are null and void;

(d) A Declaration that Laura and Frank contravened s.132 of the *OBCA* by failing (i) to disclose conflicts of interest with respect to Milestone and (ii) to request that the nature and extent of those conflicting interests be entered into the Minutes of Meetings of the Directors of Milestone and voted on in accordance with the *OBCA*;

(e) An Order setting aside all of the transactions, contracts and agreements between Laura, Frank and Falcon Enterprises Corp. ("Falcon") or the corporate egos of Laura and Frank on the one hand and Milestone on the other as being contrary to the provisions of the *OBCA*;

(f) An Interim and Permanent Order directing and requiring the Defendants to disclose and produce to the Plaintiff copies of all documents, data and information relating to the conduct of the business and affairs of Milestone since June 1, 2015, including the following:

(i) All Financial Statements and financial/accounting records and information for Milestone including general ledgers;

(ii) All correspondence, emails, text messages, Minutes of Meetings and documents relating to the removal of Anthony Marrese as a Director of Milestone and to payments by Milestone to Falcon on account of loans/indebtedness owed to Falcon or otherwise;

(iii) An Order directing Laura and Frank to make continuous and ongoing production and disclosure to the Plaintiff of the aforesaid documents, data and information regarding Milestone as described herein for earlier years.

(g) An Order directing and requiring Milestone to pay the Plaintiff $338,412.00 of indebtedness owed to the Plaintiff including pursuant to a Promissory Note dated January 6, 2012, together with interest thereon at 3% per annum compounded from January 6, 2012 to the date of payment;

(h) An Order directing and requiring the Defendants to purchase the Plaintiff's shares in Milestone at their fair market value at a price and on a date to be fixed by the Court;

(i) Damages in the amount of $500,000.00 for oppressive conduct, breach of fiduciary duty, breach of contract and owed debt;

(j) A Declaration that Anthony Marrese is a Director of Milestone;

(k) An Interim Order requiring Milestone, Frank and Laura to pay the Plaintiff's accounting and legal fees pursuant to s. 249(4) of the *OBCA*;

(l) Pre and Post Judgment interest pursuant to the *Rules of Civil Procedure*;

(m) Its costs of this Action on a substantial indemnity basis together with HST thereon;

(n) Such further and other relief as may be requested and the Court permit.

THE PARTIES

(a) The Plaintiff

2. The Plaintiff, MMG Stone Fabrication Ltd. ("MMG"), is a duly incorporated limited company.

3. The Plaintiff was incorporated in the name of Basentana Holdings Ltd. but changed its name to MMG by Articles of Amendment dated June 8, 2018.

4. The Plaintiff owns, holds and has at all material times held 15% of the shares in the Defendant, Milestone Marble & Granite Ltd. ("Milestone").

5. Anthony Marrese ("Anthony") and Nina Marrese ("Nina") own and hold the shares in and are the Directors of the Plaintiff.

(b) **The Defendants**

6. The Defendants, Frank Arlotta ("Frank") and Laura Moscone ("Laura"), are married, are both Directors of Milestone and directly or indirectly own and hold 70% of the shares in Milestone.

7. Frank and Laura have seized control, management and direction of Milestone, to the exclusion of, *inter alia*, the Plaintiff including by a purported and unauthorized, unlawful and legally ineffective removal of Anthony as a Director of Milestone.

8. Milestone is a duly incorporated company which is in the business of selling marble slabs and related products. At all material times Anthony was and should still be a duly appointed Director of Milestone.

9. The Defendant, Falcon Enterprises Corp. ("Falcon"), is a duly incorporated limited company. Frank and Laura directly or indirectly own and hold all of the shares in Falcon and are the Directors of Falcon. Frank and Laura direct, control and manage Falcon for and in their best interests and for their ultimate personal benefit.

10. The Defendants are oppressing, prejudicing and unfairly disregarding the 15% minority interest of the Plaintiff in Milestone including, *inter alia* and without limiting the generality of that plea, (i) by purporting to remove Anthony as a Director of Milestone, as the Plaintiff's nominee or effective nominee Director for Milestone, without any right or authority to do so and (ii) by unauthorized payments from Milestone to Falcon contrary to and in breach of an Agreement between the Plaintiff, Falcon and others dated May 2, 2012 ("the Promissory Note Agreement") and without any right or authority to make those

payments and/or without *pro rata* payments to the Plaintiff in relation to the amount of the payment or payments to Falcon as also required by the Promissory Note Agreement.

THE MAY 2, 2012, PROMISSORY NOTE AGREEMENT

11. The Plaintiff and, *inter alia*, Falcon, entered into and bound themselves by and to the Promissory Note Agreement dated May 2, 2012 (again "the Promissory Note Agreement").

12. Pursuant to the Promissory Note Agreement, which was signed by Laura on behalf of Falcon, the Plaintiff and Falcon agreed with each other and confirmed (i) that $338,412.00 was owing to the Plaintiff (*then known as Basentana Holdings Ltd.*) by Milestone pursuant to a Promissory Note appended thereto dated January 6, 2012 ("the Basentana Note"), and (ii) that $648,623.00 was owing to Falcon by Milestone pursuant to a Promissory Note appended thereto also dated January 6, 2012 ("the Falcon Note").

13. There were two other Promissory Notes forming the subject matter of and appended to the Promissory Note Agreement.

14. Pursuant to the Promissory Note Agreement, no payments could be made by Milestone to the Plaintiff, to Falcon or to the other Note holders on account of the aforesaid Promissory Notes described therein and appended thereto without (i) the prior written approval of the Shareholders of Milestone holding at least 75% of the shares in Milestone and (ii) the prior delivery in writing of a request for such a payment to each of the parties to the Promissory Note Agreement holding the Promissory Notes appended thereto.

15. Furthermore, in the event of such an approved payment for or on account of any of the aforesaid subject Promissory Notes pursuant to the Promissory Note Agreement, the Agreement requires that any such approved payment "be distributed on a pro rata basis

among the parties hereto proportionate to the amounts outstanding on the Promissory Notes at the time approval is given".

16. In other words, in the event of an approved payment on account of any of the aforesaid subject Promissory Notes pursuant to/in accordance with the Promissory Note Agreement, no payment could be, was or is authorized, allowed or to be made without a pro rata payment of that approved payment amount among and to the holders of all of the aforesaid subject Promissory Notes forming the subject matter of and appended to the Promissory Note Agreement including, more particularly, to the Plaintiff on account of the Basentana Note.

17. The Promissory Note Agreement has never been amended and is binding upon Falcon and the other Defendants.

18. The Plaintiff states (i) that the Plaintiff has never received a written or other request for a payment on account of the aforesaid subject Promissory Notes as required by the Promissory Note Agreement and (ii) that no payments have ever been approved or authorized on account of any of the aforesaid subject Promissory Notes, including the Falcon Note, pursuant to and as required by the Promissory Note Agreement.

19. In or about mid-2020, the Plaintiff discovered that the Defendants had somehow wrongfully caused Milestone to pay a total of $267,250,00 to Falcon in partial payment of the $648,623.00 that was owed by Milestone to Falcon on account of the Falcon Note ("the Payment to Falcon").

20. The Payment to Falcon was wrongfully made or caused by the Defendants without any authority or right to do so, contrary to and in breach of the Promissory Note Agreement,

without disclosure to or knowledge of the Plaintiff and without any related pro rata payments to the Plaintiff on account of the Basentana Note.

21. The Plaintiff pleads that the Payment to Falcon was therefore made or caused by the Defendants in violation and breach of the Promissory Note Agreement including, *inter alia*, without any right or authority to do so and, at that, to the prejudice, detriment and loss of the Plaintiff. The Payment to Falcon was contractually barred and should never have been made.

22. The Plaintiff objected to the aforesaid unauthorized and unlawful Payment to Falcon including, *inter alia*, by a letter from Anthony to Frank and Laura dated June 20, 2020, but the Plaintiff's objection was and has been ignored by the Defendants, leaving the Plaintiff with no choice but to commence this Action for appropriate relief.

23. The Plaintiff has so far been paid nothing on account of the Basentana Note. Milestone is indebted to and owes the Plaintiff $338,412.00 of principal debt plus interest thereon from January 6, 2012, at the rate of interest of 3% per annum up to and after maturity compounding monthly.

24. The Plaintiff pleads that the Payment to Falcon was not only unauthorized and contractually barred but oppressive, prejudicial and unfairly disregardful to and of the Plaintiff and, at that, contrary to and in violation of the *OBCA* including s. 248, as amended.

25. The unauthorized, barred and oppressive Payment to Falcon also (i) reduced the solvency of and equity in Milestone and (ii) endangered/compromised the ability of Milestone to repay its debt to the Plaintiff including as provided for by the Promissory Note Agreement on account of the Basentana Note.

26. The Plaintiff pleads that the Defendants will continue (i) to violate and breach the Promissory Note Agreement and (ii) to oppress, prejudice and unfairly disregard the interests of the Plaintiff as a minority shareholder and creditor of Milestone, unless the relief sought by the Plaintiff in this Statement of Claim is granted.

27. Even if the amount of the Payment to Falcon had been authorized, which is not admitted but denied, the Plaintiff would have been at least unconditionally entitled to payment of a pro rata share of the amount of that Payment based on the amounts owing on the Basentana Note, the Falcon Note and the other two Promissory Notes forming the subject matter of and appended to the Promissory Note Agreement.

28. The Plaintiff has sustained substantial financial loss, detriment and prejudice by reason of not only the Defendants' violation and breach of the Promissory Note Agreement on account of the Payment to Falcon but also by reason of the deliberate, abusive and wrongful oppressive, prejudicial and unfair disregardful conduct of the Defendants relating thereto in violation of and contrary to the *OBCA*.

29. The Plaintiff is therefore entitled to and claiming payment from all of the Defendants (i) of the entire $338,412.00 and interest thereon owed to the Plaintiff pursuant to the Basentana Note or, alternatively and at the very least and without prejudice to Plaintiff's other claims, (ii) of the pro rata amount that would have been payable to the Plaintiff pursuant to the Promissory Note Agreement on account of the Basentana Note if the Payment to Falcon had been authorized pursuant to the Promissory Note Agreement.

30. The Plaintiff further pleads that, in the circumstances including the Plaintiff's complete vulnerability to the Defendants, the Defendants also owed and breached a fiduciary duty

to the Plaintiff in relation to and on account of Payment to Falcon and that, by reason alone of that breach of fiduciary duty, the Plaintiff is also entitled at the very least to payment from the Defendants of $275,250.00 in partial payment of the Basentana Note.

OTHER OPPRESSIVE CONDUCT OF THE DEFENDANTS

31. At all material times, Anthony was a duly appointed Director of Milestone including as the Plaintiff's nominee or effective nominee Director for Milestone.

32. At some point in time which is unknown to the Plaintiff and to Anthony but when Frank and Laura had no right or authority to do so, Frank and Laura unlawfully, wrongfully and oppressively purported to remove Anthony as a Director of Milestone and, at that, without Anthony's knowledge.

33. When Anthony tried to assert his rights and authority as a duly appointed Director of Milestone, Frank and Laura alleged Anthony had been removed as and was no longer a Director of Milestone and that Anthony had even somehow been removed as a Director of Milestone on the records of the Ministry of Government Services ("the Ministry").

34. The Plaintiff pleads that Frank and Laura wrongfully purported to remove Anthony as a Director of Milestone, including by his removal as such from the records of the Ministry, without any right or authority to do so and without any notice to the Plaintiff as a shareholder of Milestone or to Anthony as duly appointed Director for Milestone.

35. The Plaintiff pleads that the unauthorized, wrongful and unlawful steps that were taken by the Defendants, including Frank and Laura in particular, were also deliberately and abusively oppressive, prejudicial and unfairly disregardful to and of the rights and interests of the Plaintiff as a minority shareholder of Milestone. More particularly, Anthony could

not have been and was not lawfully removed as a Director of Milestone and is still a duly appointed Director of Milestone because there never was a properly called and held Shareholders Meeting for a resolution for the removal of Anthony as a Director of Milestone.

36. The Plaintiff further pleads (i) that Anthony's historical duties for Milestone included being a signing officer, approving and signing cheques and generally being an integral part of the decision-making for Milestone's business and financial affairs but (ii) that the Defendants at some point in time also purported to preclude and deny Anthony from further exercising those duties and (iii) that this too was deliberately and abusively oppressive, prejudicial and unfairly disregardful to and of the interests of the Plaintiff as a minority shareholder of Milestone for which Anthony was the Plaintiff's nominee director and decision-maker for Milestone.

37. The Plaintiff pleads (i) that the Defendants, again Frank and Laura in particular, have completely kept the Plaintiff in the dark with respect to Milestone's affairs, including Milestone's assets, liabilities, profitability, solvency and prospects for the future, by not just withholding but denying financial disclosure to the Plaintiff and Anthony and not arranging for any shareholders meetings. The Plaintiff pleads that this too constitutes and was/is oppressive, prejudicial and unfairly disregardful to and of the interests of the Plaintiff and in violation of and contrary to the *OBCA*.

38. The Plaintiff further pleads that the Defendants, and Frank and Laura in particular as Directors of Milestone, have deliberately, wrongfully and abusively refused and withheld delivery of copies of the Financial Statements and of all other financial/accounting records

for Milestone from the Plaintiff and Anthony including, more particularly, for Milestone's financial year ends for the years 2019, 2020 and 2021.

39. The Plaintiff pleads that there was and is no justification at all for the Defendants' wrongful refusal and denial of Milestone's Financial Statements to the Plaintiff and Anthony and that this too was and is oppressive, prejudicial and unfairly disregardful to and of the interests of the Plaintiff.

40. The Plaintiff pleads that the aforesaid conduct on the part of Frank and Laura was as Directors of Milestone and also in violation of their duties of good faith to the Plaintiff as a minority shareholder of Milestone.

41. The Plaintiff repeats the allegations set out above and pleads that Frank and Laura have effectively seized the operations, assets and income of Milestone for their own personal financial interests and ultimate benefit, to the prejudice, detriment and loss of Milestone.

42. In that regard and for example, the Plaintiff pleads that Frank's compensation from Milestone is excessive, unwarranted, not commercially justifiable in the circumstances and to the prejudice, detriment and loss of the Plaintiff.

43. The Plaintiff pleads that, due to the aforesaid conduct on the part of the Defendants, there has been and is a complete and irreparable breakdown in the business relationship between (i) the Plaintiff as a minority shareholder in Milestone on the one hand and (ii) the Defendants on the other in relation to Milestone.

44. The Plaintiff is therefore entitled to and claiming all of the oppression remedy relief and other relief already more particularly set out in paragraph 1 of this Statement of Claim including, *inter alia*, Orders requiring the Defendants (i) to purchase the Plaintiff's 15%

shareholding interest in Milestone for fair market value at a price and on a date to be fixed by the Court and (ii) to pay the Plaintiff the entire principal and interest amount owing by Milestone to the Plaintiff on account of the Basentana Note.

The Plaintiff proposes that this Action be tried at Toronto.

Date: August 24, 2021

MAURICE J. NEIRINCK & ASSOCIATES
20 Adelaide Street East
Suite 1100
Toronto, ON M5C 2T6

MAURICE J. NEIRINCK (14910B)
Tel: (416) 361-2400
Fax: (416) 361-1560
Email: mjn@mjnlaw.ca

Lawyers for the Plaintiff

[G Stone Fabrication Ltd. ntiff	and	**Milestone Marble & Granite Ltd. et al** Defendant	**Court File No.**

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

STATEMENT OF CLAIM

MAURICE J. NEIRINCK & ASSOCIATES
20 Adelaide Street East
Suite 1100
Toronto, ON M5C 2T6

MAURICE J. NEIRINCK (14910B)
Tel: (416) 361-2400
Fax: (416) 361-1560
Email: mjn@mjnlaw.ca

Lawyers for the Plaintiff

TAB M

This is Exhibit "M" referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

BIANCHI PRESTA LLP

Barristers & Solicitors

RENZO BELLUZ
DOMENIC C.S. PRESTA*
SANTO A. VELTRI
DANIEL MUSSO
RICCARDO C. ORSINI
RUDY A. BIANCHI
JOHN SESTITO
AUSTIN PERSICO
FRANCESCO MICELI

* *Certified by the Law Society as a Specialist in Construction Law*

9100 JANE STREET
3rd FLOOR, BUILDING "A"
VAUGHAN, ONTARIO L4K 0A4

TELEPHONE: (905) 738-1078
FACSIMILE: (905) 738-0528

REPLY TO: Austin Persico
EMAIL: jnatale@bianchipresta.com
ASSISTANT: Lori Musacchio Ext. 2269
DIRECT FAX: (905) 695-8491

April 7, 2014

Milestone Marble & Granite Ltd.
8181 Jane Street, Units 1& 2
Concord, Ontario
L4K 5P2

VIA REGULAR MAIL

Attention: Mr. Frank Arlotta, President

Dear Sir:

Re: MILESTONE MARBLE & GRANITE LTD. (the "Corporation")
ELECTION/RESIGNATION OF DIRECTOR AND APPOINTMENT/RESIGNATION OF OFFICERS
Our File No. 00RAB0271

In accordance with your retainer of this office, we do confirm that this office was retained for the purpose of preparing all the necessary documentation to give effect to the following (as of March 28, 2014), which documentation we confirm was executed by all of the requite parties, and returned to us:

- resignation of Anthony Marrese as director and vice-president;
- resignation of Laura Moscone as treasurer;
- election of Laura Moscone as director (in place of Anthony Marrese);
- appointment of Laura Moscone as vice-president (in place of Anthony Marrese); and
- appointment of Anthony Marrese as treasurer (in place of Laura Moscone).

In connection with the foregoing, we also prepared and filed the appropriate Ontario Form 1, Notice of Change with the Ministry of Consumer and Business Services on April 1, 2014, a copy of which is enclosed herewith for your records.

We do advise that the registers for the above referenced Corporation have been updated and, as such, we have updated and organized the corporate minute book pertaining to the above reference Corporation.

We note that in accordance with instructions received, as of the date hereof, the corporate minute book pertaining to the above referenced Corporation remains in our possession, and has been placed in our safekeeping facility.

Enclosed, please find our Statement of Account for professional services rendered in connection with the foregoing.

Thank you for retaining of firm. Should you have any questions or concerns, please do not hesitate to contact the undersigned.

Yours very truly,

BIANCHI PRESTA LLP
Per:

Joseph M. Natale
JMN/lm
Encl.

TAB N

This is Exhibit “N” referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

A Commissioner, etc.

COPY

RECEIPT OF FUNDS

TO: **GROUP OF SIX ENTERPRISES LTD.** (the "**Purchaser**")

RE: Share Purchase Agreement entered into among **BASENTANA HOLDINGS LTD.** (the "**Vendor**"), **MILESTONE MARBLE & GRANITE LTD.**, and the Purchaser made as of the 19th day of March, 2014 (the "**Agreement**"), pursuant to which the Purchaser agreed to purchase from the Vendor the Shares (as "**Shares**" is defined in the Agreement).

The Vendor hereby acknowledges receipt of EIGHTY ONE THOUSAND FIVE HUNDRED NINETY-NINE DOLLARS AND NINETY-ONE CENTS ($81,599.91) in full satisfaction of payment of the purchase price by the Purchaser on the closing of the above-noted transaction.

Dated the 19th day of March, 2014.

BASENTANA HOLDINGS LTD.

COPY

Per:________________________
Name: Anthony Marrese
Title: President
I have authority to bind the Corporation

TAB O

This is Exhibit "O" referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

OUR DEFENSE STATEMENT.

Court File No.: CV-21-00667675-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

MMG STONE FABRICATION LTD.

Plaintiff

- and -

MILESTONE MARBLE & GRANITE LTD., FALCON ENTERPRISES CORP., FRANKARLOTTA and LAURA MOSCONE

Defendants

STATEMENT OF DEFENCE OF MILESTONE MARBLE & GRANITE LTD., FALCON ENTERPRISES CORP., FRANK ARLOTTA, AND LAURA MOSCONE

1. The Defendants admit the allegations contained in paragraphs 2-6, first sentence of 8, 9, 11-17, and 23, of the Statement of Claim.

2. The Defendants deny the allegations contained in paragraphs 7, second sentence of 8, second sentence of 9, 10, 18-22, 24-44 of the Statement of Claim.

3. The Defendants deny that the Plaintiff is entitled to the relief sought in paragraph 1 of theStatement of Claim or any other form of relief.

4. The Defendants did not engage in any oppressive or prejudicial conduct and did not unfairly disregard the Plaintiff's interest as a shareholder as alleged by the Plaintiff or otherwise.

5. Laura Moscone ("Laura") and Frank Arlotta ("Frank"), at all material times acted properly and in good faith in their roles as officers or directors of Milestone Marble and Granite Ltd. ("Milestone").

6. Laura and Frank at all material times fulfilled any obligations to the Plaintiff, and properly and in good faith managed the business operations of Milestone.

Resignation of Anthony Marrese

7. The Defendants state that there is no basis in fact or in law for the allegations that the Defendants wrongfully removed Anthony Marrese ("Anthony") as a director of Milestone.

8. Anthony was not removed by the Defendants as a director of Milestone as alleged by the Plaintiff. In fact, Anthony voluntarily resigned from his positions as vice-president and as a director of Milestone on or about March 28, 2014.

9. Anthony executed written resolutions resigning as vice-president and a director of Milestone on or about March 28, 2014 (collectively, "Resolutions").

10. The Plaintiff agreed to sell 9% of its shares in Milestone to Group of Six Ltd. and to resign as vice-president and as a director of Milestone. Anthony's resignations were accepted by the shareholders.

11. The shareholder resolutions in this regard were made and executed by the shareholders in accordance with the agreement between the parties and/or in accordance with the corporate by-laws and the provisions of the *OBCA*.

12. The Resolutions and Anthony's resignations were completed as part of a corporate reorganization. The share transaction and resignations were the result of the corporate re-organization discussed, negotiated and agreed to by the Plaintiff and Anthony for fair and valuable consideration.

13. Anthony voluntarily resigned as a director of Milestone, effective March 28, 2014. Accordingly, Anthony was no longer permitted to exercise any of his previous duties or rights as a director of Milestone as alleged by the Plaintiff.

14. The Defendants did not wrongfully prohibit Anthony from executing any duties as a Director, did not fail to deliver any required disclosure documents to Anthony, and did not

engage in any oppressive, prejudicial, or unfairly disregardful conduct against the Plaintiff. In any event, the financial statements of Milestone were provided to Anthony at all material times.

The Promissory Note Agreement

15. The Defendants state that there is no basis in fact or in law for any allegation that the Defendants breached the Promissory Note Agreement ("Note") or engaged in oppressive, prejudicial, or any unfair conduct.

16. The Note dated May 2, 2012 is between Milestone, Basentana Holdings Ltd. ("Basentana"), Falcon Enterprises Corp. ("Falcon"), Perth Park Holdings Ltd. ("Perth"), and Woolacott Holdings Inc. ("Woolacott").

17. Pursuant to the Note, Milestone issued a Promissory note to Falcon for $648,623.00 ("Falcon Note") and a Promissory note to Basentana for $338,412.00 ("Basentana Note"), among two others to Perth and Woolacott.

18. The Defendants state that contrary to the allegations in the Statement of Claim, Milestone never made any payments to Falcon in respect of the Note, after May 2, 2012 or at any other material time.

19. The adjustments reflected in Milestone's financial statements in respect of the amounts owing to Falcon under the Note were only accounting adjustment entries. No payments were in fact made by Milestone to Falcon on account of the note.

20. In any event, upon receipt of Anthony's objection to the accounting adjustment entries, the Defendants reversed the accounting adjustments. The Plaintiff was not prejudiced or effected in any material manner or otherwise by the accounting adjustments. Milestone's operations and solvency were not effected by the accounting adjustments as no payments were made on account of the Note.

21. There is no basis in fact or in law for any of the claims or for any of the relief sought by the Plaintiff in this Action. There has been no oppression of the Plaintiff contrary to or in violation of the *OBCA* and nothing whatsoever has been done to the detriment, prejudice or loss

of the Plaintiff. The Plaintiff has no cause of action against any of the Defendants for any of the claims pleaded in their Statement of Claim.

22. The Plaintiff remains a minority shareholder of Milestone, and its interests and rights in that regard are being respected and honoured in the same manner as the interests and rights of other Milestone shareholders.

23. The Defendants deny that the Plaintiff has suffered any losses or damages as alleged in the Statement of Claim or at all or that the Defendants caused or contributed to the alleged damages.

24. If the Plaintiff has suffered any damages, which is not admitted but denied, the damages claimed are excessive and too remote to be recoverable. The Defendants are not responsible in law or in fact for such damages.

25. In the alternative, the Plaintiff failed to make reasonable or any efforts to mitigate its damages as required by law, and/or in the further alternative, has in fact mitigated the alleged damages.

26. In any event, the Plaintiff did not commence this proceedings within the applicable 2 yearlimitation period pursuant to the *Limitations Act, 2002*. Accordingly, the Plaintiff's claims are statue barred. The applicable limitation periods have expired.

27. The Defendants state that this action should be dismissed with costs.

November 23, 2021

MILLER THOMSON LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 700
Vaughan, ON L4K 0H9

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Michael Arbutina LSO#: 47055J
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Lawyers for the Defendants

TO: **MAURICE J. NEIRINCK & ASSOCIATES**
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Toronto, ON M5C 2T6
Maurice J. Neirinck LSO# 14910B
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Fax: 416.361.1560

Lawyers for the Plaintiff

MMG Stone Fabrication Ltd.
Plaintiff

and

Milestone Marble & Granite. et al.
Defendants

Court File No.: CV-21-00667576-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

STATEMENT OF DEFENCE

MILLER THOMSON LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 700
Vaughan, ON Canada L4K 0H9

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Lawyers for the Defendants

TAB P

This is Exhibit "P" referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

STALKING HORSE ASSET PURCHASE AGREEMENT

This Agreement (*as defined herein*) is made as of the 12th day of June 2024 (the "**Effective Date**")

AMONG:

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of Milestone Marble & Granite Ltd. and not in its personal or corporate capacity (in such capacity, the "**Vendor**")

- and -

MILESTONE DISTRIBUTION 2024 LTD., a corporation incorporated pursuant to the laws of the Province of Ontario (the "**Purchaser**")

RECITALS:

A. On June 12, 2024 or as soon after such date as the application may be heard, the Purchaser shall make an application to the Ontario Superior Court of Justice [Commercial List] (the "**Court**") for an order or orders, *inter alia*:

i. appointing Albert Gelman Inc. as receiver of all assets, undertakings and properties of the Debtor (in such capacity, the "**Receiver**") pursuant to the *Bankruptcy and Insolvency Act* R.S.C., 1985, c. B-3 (the "**BIA**");

ii. approving this stalking horse asset purchase agreement and authorizing and directing the Receiver to execute the same, as Vendor; and

iii. approving a stalking horse sale process (the "**Sale Process**"), to be implemented by the Receiver, pursuant to which this Agreement will serve as the Stalking Horse Bid (*as defined herein*) to acquire the Purchased Assets (*as described herein*).

B. In the event that this Agreement is selected as the Successful Bid (*as defined herein*) in the Sale Process, the Purchaser will acquire the Purchased Assets subject to, and in accordance with, the terms and conditions set forth in this Agreement and obtaining final Court approval of the Transaction (*as defined herein*).

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

"Accounts Receivable" means all billed accounts receivable of the Debtor relating to the Purchased Assets and the Business relating to any period prior to Closing.

"Administration Charge" means a charge on all the assets, undertakings and properties of the Debtor, granted by order of the Court, securing payment of the professional fees and disbursements of the Receiver and its counsel.

"**Affiliate**" has the meaning given to the term "affiliate" in the *Business Corporations Act*, R.S.O. 1990, c.B-16.

"**Agreement**" means this asset purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, and "**Article**" and "**Section**" mean and refer to the specified article, section and subsection of this Agreement.

"**Applicable Law**" means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

"**Approval and Vesting Order**" means an order by the Court, in form and substance satisfactory to the Purchaser and the Vendor, acting reasonably, among other things, approving and authorizing this Agreement and the Transaction.

"**Assigned Contracts**" means the Contracts listed in **Schedule "B**", as the same may be modified by the Purchaser prior to the Closing Date in accordance with the terms hereof (and including as such Assigned Contracts may be amended, restated, supplemented or otherwise modified from time to time).

"**Assignment and Assumption Agreements**" means the assignment and assumption agreements for the Assigned Contracts, in a form reasonably satisfactory to the Vendor and the Purchaser.

"**Assumed Liabilities**" means: (a) Liabilities specifically and expressly designated by the Purchaser as assumed Liabilities in **Schedule "C"**, as the same may be modified by the Purchaser prior to the Bid Deadline in accordance with the terms hereof; and (b) all Liabilities which relate to the Business under the Purchased Assets and any Assigned Contracts, solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

"**Authorization**" means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs or from any Person in connection with any easements, contractual rights or other matters.

"**BIA**" has the meaning set out in the recitals hereto.

"**BDC Obligations**" means all obligations of the Debtor to Business Development Bank of Canada or any of its affiliates.

"**Bid Deadline**" has the meaning set out in the Sale Process.

"**Business**" means the business conducted by the Debtor.

"**Business Day**" means a day on which banks are open for business in Toronto, Ontario, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

"**Cash Purchase Price**" has the meaning set out in Section 4.3(b).

“**Claims**” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), Liability, demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Closing**” means the closing and consummation of the Transaction.

“**Closing Date**” means the date that is ten (10) days after the date upon which the conditions set forth in Article 8 have been satisfied or waived, other than any conditions set forth in Article 8 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Vendor and the Purchaser in writing).

“**Closing Time**” means 12:01 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

“**Contracts**” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any Vendor is a party, or by which such entity is bound or in which such entity has, or will at Closing have, any rights or by which any of its property or assets are or may be affected.

“**Court**” has the meaning ascribed thereto in the recitals.

“**Cure Costs**” means, in respect of the Assigned Contracts, all amounts, costs, fees and expenses: (i) required to be paid to remedy all of the Vendor’s monetary defaults in relation to the Assigned Contracts, other than those arising by reason only of the Vendor’s bankruptcy, insolvency or failure to perform a non-monetary obligation; (ii) necessary to secure a counterparty’s or any other necessary Person’s consent to the assignment of the Assigned Contracts; or (iii) as may be required pursuant to the Approval and Vesting Order, as applicable, and which for greater certainty, may be an amount agreed to by the Purchaser and the counterparty to an Assigned Contract.

“**Debtor**” means Milestone Granite & Marble Ltd., an incorporation incorporated pursuant to the laws of the Province of Ontario.

“**Deposit**” has the meaning set out in Section 4.3(a).

“**Discharge**” means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

“**Effective Date**” has the meaning set out in the preamble hereto.

“**Employee**” means any individual who is employed by a Vendor immediately prior to the Closing Date.

“**Encumbrance**” means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, write of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

"***Excise Tax Act***" means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

"**Excluded Contracts**" means all Contracts that are not Assigned Contracts.

"**General Conveyance**" means a general conveyance evidencing the conveyance to the Purchaser of the Debtor's interest in and to the Purchased Assets, in form and substance satisfactory to the Parties, acting reasonably.

"**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

"**GST**" means all goods and services tax imposed under Part IX of the *Excise Tax Act*.

"***Income Tax Act***" means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

"**Intellectual Property**" means any or all of the following items, wherever located: all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, processes, recipes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored.

"**Interim Period**" means the period from the Effective Date to the Closing Time.

"**Lease**" means the lease agreement dated as of November 30, 2020 as amended and extended by renewal of lease agreements made February 1, 2006, March 31, 2011, November 20, 2012, November, 2015 and October 30, 2020, between the Debtor, as tenant, and Eurostore Holding Corp., as landlord, relating to the premises located at 8181 Jane Street, Building E, Unit 2, Vaughan, Ontario.

"**Liability**" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"**Liquid Assets and Financial Instruments**" means: (i) cash, cash on hand, and cash equivalents, including accounts at any bank or financial institution, (ii) securities (whether capital stock or debt) of or held by or for the Debtor; (iii) any unused and remaining retainers paid by the Debtor for legal, accounting, or other professional services following payment of such legal, accounting or other professional services; and (iv) any letters of credit or similar financial accommodations issued to any third party or parties for the account of any Debtor (including all Prepaid Amounts).

"**Outside Date**" means 11:59 pm (Toronto time) on August 14, 2024, or such later date and time as the Vendor and the Purchaser may agree to in writing.

"**Parties**" means the Vendor and the Purchaser, and "**Party**" means any one of them.

"**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

"**Premises**" means the premises leased by the Vendor pursuant to the Lease.

"**Prepaid Amounts**" means all prepayments, prepaid charges, deposits, security deposits, sums and fees related to the Business or in respect of the Purchased Assets.

"**Purchased Assets**" has the meaning set out in Section 2.1.

"**Purchase Price**" has the meaning set out in Section 4.1.

"**Purchaser**" means Milestone Distribution (2024) Ltd., a corporation incorporated pursuant to the laws of Ontario.

"**Purchaser Debt**" means, collectively, all Liabilities of the Debtor to Laura Moscone, Falcon Enterprises Ltd. and Group of Six Ltd. in the amount of $1,016,549.80 as at the date hereof, and assigned to the Purchaser pursuant to Assignment Agreements dated February 29, 2024.

"**Purchaser Security**" means, collectively, all security interests and security documents granted by the Debtor to Laura Moscone, Falcon Enterprises Ltd. and Group of Six Ltd. to secure the Purchaser Debt and now assigned to the Purchaser pursuant to Assignment Agreements dated February 29, 2024.

"**Receive**r" has the meaning set out in the recitals hereto.

"**Receiver's Borrowing Charge**" means a charge on all the assets, undertakings and properties of the Debtor, granted by order of the Court, securing the repayment of any party any amounts borrowed by the Receiver to fund the administration of the Receivership.

"**Receiver's Certificate**" has the meaning set out in Section 8.1(d).

"**Receivership**" means the receivership proceedings commenced by the application of the Purchaser, as detailed in Recital A hereto;

"**Sale Process**" has the meaning set out in the recitals hereto.

"**Sale Process Order**" means an issued order of the Court in the Receivership approving a Sale Process in respect of the Vendor's assets, property and undertaking, including the Purchased Assets.

"**Stalking Horse Bid**" has the meaning set out in Section 5.1(a).

"**Successful Bid**" has the meaning set out in the Sale Process.

“**Successful Bidder**” has the meaning set out in the Sale Process.

“**Taxes**” means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties.

“**Transaction**” the transaction contemplated by this Agreement whereby the Purchaser will acquire the Purchased Assets.

“**Transfer Taxes**” means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including GST.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Vendor or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to $, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

<u>SCHEDULES</u>

Schedule A	-	Purchased Assets
Schedule B	-	Assigned Contracts
Schedule C	-	Specific Assumed Liabilities

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2
PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchase and Sale of Purchased Assets

At the Closing Time, subject to the terms and conditions of this Agreement, the Vendor shall sell, assign, transfer and convey to the Purchaser pursuant to the Approval and Vesting Order, and the Purchaser shall purchase and assume from the Vendor, all of the Vendor's right, title and interest in, to and under the tangible and intangible assets, properties and rights listed in **<u>Schedule "A"</u>**, attached hereto (collectively, the "**Purchased Assets**").

2.2 Transfer of Purchased Assets and Assumption of Liabilities

Subject to the terms and conditions of this Agreement, possession, risk, legal and beneficial ownership of the Purchased Assets shall transfer from the Vendor to the Purchaser on the Closing Date, and the Purchaser agrees to assume, discharge, perform and fulfill all of the Assumed Liabilities from and after the Closing Date. For certainty, the Purchaser is not assuming any Liabilities of the Vendor other than the Assumed Liabilities and shall have no liability to any Person therefor.

2.3 Assigned Contracts

(a) Each of the Parties shall use reasonable commercial efforts to obtain, as may be required by the terms of such Assigned Contracts, all consents and approvals required to assign the Assigned Contracts to the Purchaser.

(b) To the extent that any Assigned Contract is not assignable without the consent or approval of the counterparty or any other Person, and such consent or approval has not been obtained prior to the Closing Date: (i) the applicable Vendor's interest in, to and under such Assigned Contract may be conveyed to the Purchaser pursuant to an order of the Court; (ii) the Vendor will use commercially reasonably efforts to obtain such an order, if requested, in respect of such Assigned Contract on or prior to the Closing Date; and (iii) if such an order is obtained in respect of such Assigned Contract, the Purchaser shall accept the assignment of such Assigned Contract on such terms.

(c) To the extent that any Cure Costs are payable with respect to any Assigned Contract, the Purchaser shall be responsible for and shall pay all such Cure Costs, which shall be paid either directly to the applicable counterparty or to the Receiver, as may be agreed to by the parties, which Cure Costs shall be in addition to the Purchase Price. Unless the Parties otherwise agree, to the extent that any Cure Cost is payable with respect to any Assigned Contract, where such Assigned Contract is assigned pursuant to an order of the Court, the Purchaser shall pay such Cure Costs in accordance with the order, and where such Assigned Contract is not assigned pursuant to such an order, the Purchaser shall pay such Cure Costs in the manner set out in the consent of the applicable counterparty or as otherwise may be agreed to by the Purchaser and such counterparty.

(d) It shall be the sole obligation of the Purchaser, at the Purchaser's sole cost and expense, to provide any and all financial assurances, deposits or security, including without limitation any Cure Costs that may be required by Governmental Authorities or any third parties to permit the transfer of the Purchased Assets, including the Assigned Contracts, to the Purchaser.

2.4 Excluded Liabilities

Save and except for the Assumed Liabilities explicitly set out herein, if any, the Purchaser is not assuming, and shall not be deemed to have assumed, any Liabilities of the Vendor (collectively, the "**Excluded Liabilities**"), which Excluded Liabilities include, but are not limited to, the following:

(a) all Liabilities and Claims arising or accruing from the use of the Purchased Assets prior to the Closing; and

(b) all Liabilities that arise out of or result from the employment or engagement by the Vendor of any of the Employees and/or the termination or severance of such engagement or employment (in each case, unless otherwise imposed by Applicable Laws).

ARTICLE 3
EMPLOYEE MATTERS

3.1 Employment Offers

The Purchaser may, in its sole discretion, offer new employment, conditional upon Closing, to such Employees as determined by the Purchaser, in its sole discretion. Any such offer shall be made at least two Business Days prior to Closing, on terms and conditions substantially similar and no less favourable than the terms and conditions on which such Employees are employed immediately prior to Closing.

3.2 Employment Terminations

Notwithstanding the foregoing, the Vendor shall terminate, in writing, the employment of all Employees at least 24 hours prior to the Closing Date and shall provide proof of such written termination to the Purchaser as a deliverable at Closing.

ARTICLE 4
PURCHASE PRICE

4.1 Purchase Price

The purchase price payable by the Purchaser for the Purchased Assets shall be the aggregate of the following amounts, without duplication, (the "**Purchase Price**"):

(a) the value of the Purchaser Debt, as at Closing;

(b) any outstanding amounts secured by the Administration Charge at Closing;

(c) any and all outstanding amounts secured by the Receiver's Borrowing Charge at Closing; and

(d) any and all other amounts and claims which rank in priority to the Purchaser Security, if any, including, without limitation, on account of unremitted source deductions (collectively, with the Administration Charge and Receiver's Borrowing Charge, the "**Priority Payables**");

plus, the Assumed Liabilities.

The Purchase Price shall be satisfied in accordance with Section 4.3.

4.2 Allocation of Purchase Price

The Purchaser and the Vendor agree that the Purchase Price and the Assumed Liabilities shall be allocated among the Purchased Assets for all purposes (including Tax and financial accounting) as agreed between the Vendor and the Purchaser on Closing, acting reasonably.

4.3 Satisfaction of Purchase Price

The Purchaser shall pay and satisfy the Purchase Price in accordance with the following:

(a) <u>Cash Component Deposit</u>. The Purchaser shall execution of this Agreement, transfer to the Receiver a deposit in the amount of $100,000, to be dealt with in accordance with Section 4.4 and credited against the Purchase Price at Closing (the "**Deposit**");

(b) <u>Cash Purchase Price</u>. At the Closing Time, the Purchaser shall pay to the Receiver an amount equal to the Priority Payables, in immediately available funds (the "**Cash Purchase Price**");

(c) <u>Credit Bid Component.</u> At the Closing Time, the Purchaser shall cancel the Purchaser Debt then outstanding, to be credited against the Purchase Price; and

(d) <u>Assumed Liabilities</u>. An amount equal to the value of the Assumed Liabilities, which the Purchaser shall assume on the Closing Date, shall be satisfied by the Purchaser performing the obligations of the Assumed Liabilities as and when they become due.

4.4 Transfer Taxes

The Parties agree that:

(a) The Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay any and all Transfer Taxes pertaining to the Purchaser's acquisition of the Purchased Assets.

(b) Except where the Vendor is required under Applicable Law to collect or pay such Transfer Taxes, the Purchaser shall pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due. The Vendor will do and cause to be done such things as are reasonably requested to enable the Purchaser to comply with such obligation in a timely manner. If the Vendor is required under Applicable Law to pay any such Transfer Taxes which are not paid by the Purchaser at Closing, the Purchaser shall promptly reimburse the Vendor the full amount of such Transfer Taxes upon delivery to the Purchaser of copies of receipts showing payment of such Transfer Taxes.

(c) At the Closing, the Vendor and the Purchaser shall, if applicable, jointly execute an election under Section 167 of the *Excise Tax Act* to cause the sale of the Purchased Assets to take place on an HST-free basis under Part IX of the *Excise Tax Act* and the Purchaser shall file such election with its HST return for the applicable reporting period in which the sale of the Purchased Assets takes place.

(d) At the Closing, if so requested by the Purchaser, the Vendor and the Purchaser shall, if applicable, jointly execute:

(i) an election under Section 22 of the *Income Tax Act* in respect of the Accounts Receivable and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date; and

(ii) an election under subsection 20(24) of the *Income Tax Act*, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, to apply to the obligations of the Vendor in respect of undertakings which arise from the operation of the business to which the Purchased Assets relate and to which paragraph 12(1)(a) of the *Income Tax Act* applies.

(e) The Purchaser shall indemnify the Vendor for, from and against any Transfer Taxes (including any interest or penalties imposed by a Governmental Authority) that the Vendor may pay or for which the Vendor may become liable as a result of any failure by the Purchaser to pay or remit such Transfer Taxes.

ARTICLE 5
SALE PROCESS, DEPOSIT REPAYMENT

5.1 Sale Process and Deposit Repayment

(a) The Vendor shall conduct the Sale Process in accordance with the terms of the issued Sale Process Order.

(b) The Vendor shall bring a motion for the Sale Process Order to be heard on or before June 12, 2024. The Sale Process Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or "stalking horse bid" in respect of the Purchased Assets (the "**Stalking Horse Bid**"); and (ii) as a deemed "Qualified Bid", with an attendant right on the part of the Purchaser to participate as a bidder in any Auction (as defined in the Sale Process). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained for the Purchased Assets, and that the within Stalking Horse Bid may or may not be the Successful Bid for the Purchased Assets.

(c) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to the repayment of reasonable out-of-pocket professional fees, disbursements and expenses of any kind or nature whatsoever incurred in connection with the SISP and the Transaction, to a maximum amount of $15,000 (the "**Expense Reimbursement**"), which Expense Reimbursement shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid.

(d) In the event that the Stalking Horse Bid is not the Successful Bid, in addition to the Expense Reimbursement, the Purchaser shall be entitled to repayment in full of the Deposit, and all of the foregoing entitlements shall be paid to the Purchaser in priority to any and all Claims and interests that any other Person now has or may hereafter have against the property of the Vendor (the "**Deposit Repayment**").

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) <u>Status</u>. The Vendor is executing this Agreement solely in its capacity as Court-appointed Receiver and not in its personal or corporate capacity.

(b) <u>Authority</u>. The Vendor's authority to execute, deliver and, subject to obtaining the Approval and Vesting Order in respect of the matters to be approved therein, perform all requirements under this Agreement and close the Transaction contemplated hereby is subject to – and shall only be derived from – one or more orders of the Court approving the same, which orders the Purchaser recognizes and acknowledge as sufficient authority.

(c) <u>Residency</u>. The Vendor is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.

6.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Time, and acknowledges that the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) <u>Incorporation and Status</u>. The Purchaser is a corporation incorporated and existing under Ontario [*Ontario Business Corporations Act?*], is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) <u>Corporate Authorization</u>. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.

(c) <u>No Conflict</u>. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the organizational documents of the Purchaser.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.

(e) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin, delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.

(f) Residency. The Purchaser is not a non-resident of Canada for purposes of the *Income Tax Act*.

6.3 As is, Where is

(a) The Purchaser acknowledges and agrees that it has conducted to its satisfaction an independent investigation and verification of the Business, the Purchased Assets (including the state of title thereto and/or the state of any Encumbrances and permitted Encumbrances), the Assumed Liabilities and all related operations of the Debtor, and, based solely thereon, has determined to proceed with the Transaction contemplated by this Agreement. The representations and warranties of the Vendor shall merge on Closing and shall thereafter be of no further force and effect. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Assets shall be sold and delivered to the Purchaser on an "*as is, where is*" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.

(b) The Purchaser shall be solely responsible for negotiating with and attempting to obtain the agreement of any landlord to amend any Lease contemplated to be an Assigned Contract as may be required by the Purchaser to allow the Purchaser to use the Premises for any purpose. For greater certainty, such amendments are not a Closing delivery or a condition of Closing.

(c) The Purchaser acknowledges that the Lease may be subject to permitted Encumbrances and the Vendor shall not be responsible for rectifying any permitted Encumbrances prior to the Closing Date, other than as contemplated by this Agreement.

(d) The remedies expressly set forth in this Agreement are the Purchaser's sole and exclusive remedies relating to this Agreement, the Transaction contemplated hereby, the Purchased Assets, the Assumed Liabilities and all related operations of the Debtor.

(e) The Purchaser acknowledges and agrees that the enforceability of this Agreement against the Vendor is subject to entry of the Approval and Vesting Order.

ARTICLE 7
CLOSING ARRANGEMENTS

7.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

7.2 Vendor's Closing Deliveries

At or before the Closing Time, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

(a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;

(b) the tax elections contemplated by Section 4.4;

(c) the Assignment and Assumption Agreements for the Assigned Contracts, duly executed by the Vendor;

(d) the General Conveyance, duly executed by the Vendor;

(e) a specific assignment of any Intellectual Property, as the Purchaser may require;

(f) proof of the written termination of the employment of all of the Employees prior to the Closing Time;

(g) a certificate issued by the Vendor dated as of the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Vendor has performed in all material respects the covenants to be performed by it prior to the Closing Time; and

(h) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

7.3 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor, the following:

(a) payment of the Cash Purchase Price in immediately available funds;

(b) the tax elections contemplated by Section 4.4;

(c) the payment of all Cure Costs to be paid by the Purchaser pursuant to Section 2.3 to the Vendor, or evidence that such Cure Costs have been or will be paid directly to the applicable counterparty;

(d) the General Conveyance, duly executed by the Purchaser;

(e) the Assignment and Assumption Agreements for the Assigned Contracts, duly executed by the Purchaser;

(f) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and

(g) such other agreements, documents and instruments as may be reasonably required by the Vendor to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 8
CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

(a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.

(b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction; and

(c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 8.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

(a) Successful Bid. This Agreement shall have been designated as the Successful Bid in accordance with the terms of the Sale Process.

(b) Vendor's Deliverables. The Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.2.

(c) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 6.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

(d) No Breach of Covenants. The Vendor shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendor on or before the Closing Date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set forth in this Section 8.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Vendor to terminate this Agreement.

8.3 Conditions Precedent in favour of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

(a) Purchaser’s Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all the documents and payments contemplated in Section 7.3.

(b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 6.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.

(c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 8.3 may be waived by the Vendor in whole or in part, without prejudice to any of their rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set forth in this Section 8.3 is not satisfied or performed on or prior to the Outside Date, the Vendor may elect on written notice to the Purchaser to terminate the Agreement.

8.4 Receiver’s Certificate

The Receiver shall have provided an executed certificate of the Receiver substantially in the form attached to the Approval and Vesting Order (the “**Receiver’s Certificate**”) confirming all conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor. The Parties acknowledge and agree that the Vendor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Receiver’s Certificate without independent investigation, upon receiving written confirmation from the Parties (or the applicable Party’s counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Receiver shall have no Liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Receiver may deliver the executed Receiver’s Certificate to the Purchaser’s counsel in escrow, with the sole condition of its release from escrow being the Receiver’s written confirmation that all such funds have been received, the Receiver’s Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

ARTICLE 9
TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

(a) by the mutual written agreement of the Vendor and the Purchaser;

(b) by the Purchaser upon written notice to the Vendor if there has been a material breach by the Vendor of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser and, if the breach is curable, such breach has not been cured within five (5) Business Days following the date upon which the Purchaser notified the Vendor of such breach;

(c) by the Vendor upon written notice to the Purchaser if there has been a material breach by the Purchaser of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendor and, if the breach is curable, such breach has not been cured within five (5) Business Days following the date upon which the Vendor notified the Purchaser of such breach;.

(d) by the Vendor or the Purchaser upon written notice to the other Parties if the Closing has not occurred on or prior to the Outside Date; provided that the failure to close by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

9.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of: (a) this Section 9.2; and (b) Section 5.1 with respect to the Purchaser's entitlement to the Expense Reimbursement and Deposit Repayment. Notwithstanding the foregoing, if the Transaction is terminated solely as a result of the Vendor's failure to perform any of its obligations under this Agreement, then the Deposit shall be repaid to the Purchaser in full, without deduction or setoff. If the Transaction is terminated solely as a result of the Purchaser's failure to perform any of its obligations under this Agreement, the Deposit and any other payments made by the Purchaser will be forfeited to the Vendor on account of its liquidated damages, and the Purchased Assets may be resold by the Vendor; provided, however, that in no circumstance will any termination or failure to close the Transaction compromise any amount owing to the Purchaser under the Deposit Facility.

10.1 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by email, addressed:

(a) in the case of the Purchaser, as follows:

MILESTONE DISTRIBTION 2024- LTD.

Attention: Laura Moscone
Email: brpbent32@gmail.com

with a copy to:

LOOPSTRA NIXON LLP
130 Adelaide Street West, Suite 2800
Toronto, Ontario M5H 3P5

Attention: Graham Phoenix
Email: gphoenix@ln.law

(b) in the case of the Vendor, as follows:

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of the Debtor
250 Fernand Dr. – Suite 403
Toronto, Ontario M3C 3G8

Attention: Adam Zeldin
Email: azeldin@albertgelman.com

with a copy to:

RECONSTRUCT LLP
200 Bay Street, Suite 2305 – PO Box 120
Toronto, Ontario M5J 2J3

Attention: Caitlin Fell
Email: cfell@reconstructllp.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

10.2 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

10.3 Survival

The representations and warranties of the Parties contained in this Agreement shall merge on Closing, provided that the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

10.4 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

10.5 Entire Agreement

This Agreement and the Exhibits and Schedules attached hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

10.6 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Ontario therefrom.

10.8 Assignment

(a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, without the prior written consent of the Vendor, provided that: (i) such assignee is a related party or subsidiary of the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Vendor; and (iii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.

(b) This Agreement may not be assigned by the Vendor without the consent of the Purchaser.

10.9 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

10.10 Counterparts

This Agreement may be executed electronically in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

10.11 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

10.12 Receiver's Capacity

In addition to all of the protections granted to the Receiver under the BIA or any order of the Court in these receivership proceedings, the Purchaser acknowledges and agrees that as Vendor hereunder, the Receiver, acting in its capacity Court-appointed receiver of the Debtor and not in its personal capacity, will have no Liability, in its personal capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever.

[*Signature Page Follows*]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

For the Vendor:

ALBERT GELMAN INC., solely in its capacity as Court-appointed Receiver of the Debtor and not in its personal or corporate capacities

By: ______________________________

Name: Adam Zeldin
Title: Vice President

I have authority to bind the Receiver

For the Purchaser:

MILESTONE DISTIBUTION 2024 LTD.

By: ______________________________

Name: Laura Moscone
Title: Authorized Signing Authority

I have authority to bind the Corporation.

SCHEDULE "A"
PURCHASED ASSETS

1. All of the Vendor's and Debtor's right, title and interest in and to all equipment used in connection with the Business including, without limitation, furniture, display equipment, refrigeration equipment, shelving and storage, deli cutters and slicers, commercial scales, prepared food department supplies and equipment and appliances.

2. All of the Vendor's and Debtor's right, title and interest in and to all inventory used in connection with the Business.

3. All of the Vendor's and Debtor's right, title and interest in and to any Intellectual Property used in connection with the Business.

4. All of Vendor's and Debtor's right, title and interest in and to all websites, domains, hosting services, email services, any social media accounts and all other active or inactive online profiles.

5. All of the Debtor's books and records, including all financial and customer data.

6. All Accounts Receivable.

7. All Liquid Assets and Financial Instruments.

8. The Assigned Contracts

SCHEDULE "B"
ASSIGNED CONTRACTS

1. The Lease
2. The Equipment Leases.
3. Any contract for webhosting, data storage and management, email services, and/or other telecommunications services.

SCHEDULE "C"
SPECIFIC ASSUMED LIABILITIES

1. The BDC Obligations.

TAB Q

This is Exhibit "Q" referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

Schedule B

Procedure for Stalking Horses Sale Process

INTRODUCTION

1. On June 12, 2024, on application by Milestone Distribution 2024 Ltd. (the "**Stalking Horse Bidder**"), the Ontario Superior Court of Justice, Commercial List (the "**Court**") granted an order (the "**Order**"), among other things, (i) appointing Albert Gelman Inc. as receiver (the "**Receiver**") of the property, assets and undertakings of the Debtor (collectively, the "**Assets**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 and (ii) authorizing the Receiver to undertake a sale process ("**Sale Process**") for the sale of the Debtor's Assets on an "*as is, where is*" basis. The Sale Process will be conducted by the Receiver in the manner set forth herein and in accordance with the Order.

2. Among other things, the Order will also: (a) approve the procedures set out in this Schedule (the "**Bidding Procedures**") for the solicitation of offers (each, a "**Bid**") for the acquisition of the Assets; and (b) approve the form of stalking horse agreement (as same may be amended from time to time pursuant to its terms and the Order, the "**Stalking Horse Agreement**") to be entered into between the Receiver, as vendor, and the Stalking Horse Bidder, as purchaser, for the purposes of serving as the stalking horse bid in the Sale Process (the "**Stalking Horse Bid**"). For the avoidance of doubt, the implementation of the transaction contemplated by the Stalking Horse Agreement is conditional upon the Stalking Horse Bid being selected as a Successful Bid (as defined below) in accordance with the Bidding Procedures and Court approval of the Stalking Horse Agreement and the transactions contemplated therein on a subsequent motion to be brought by the Debtor following the completion of the Sale Process.

Bidding Procedures

Opportunity

3. The Sale Process is intended to solicit interest in and opportunities for a sale of all of the Assets of the Debtor (the "**Opportunity**").

4. Any sale of the Assets will be on an "*as is, where is*" basis and without surviving representations or warranties of any kind, nature, or description by the Receiver, the Debtor or any of their respective agents, employees, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Debtor in and to the Assets to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders and definitive documents.

5. The Stalking Horse Agreement constitutes a Binding Offer by the Stalking Horse Bidder (who shall be deemed to be a Binding Offer Bidder (each as defined below)) for all purposes and at all times under this Sale Process and will serve as the Stalking Horse Bid for purposes of this Sale Process and the Bidding Procedures and the Stalking Horse Bidder

shall have the right to participate in the Auction (as defined below), if any. Notwithstanding the Stalking Horse Agreement and proposed transactions therein, all interested parties are encouraged to submit bids to acquire the Assets. A copy of the Stalking Horse Agreement will be made available to all Qualified Bidders and a form of such purchase agreement, to be uploaded to the VDR (each as defined below), may be used as the basis for any Binding Offer made in the Sale Process.

6. The Bidding Procedures describe the manner in which prospective bidders may gain access to due diligence materials concerning the Debtor and the Assets, the manner in which bidders may participate in the Sale Process, the requirement of and the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the requisite approvals to be sought from the Court in connection therewith.

7. The Receiver may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Potential Bidders, Qualified Bidders, Binding Offer Bidders or the Successful Bidder(s) provided that such modification, amendment, variation or supplement is expressly limited to changes that do not alter, amend or prejudice the rights of such bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and are necessary or useful in order to give effect to the substance of the Sale Process, the Bidding Procedures or the Order. Notwithstanding the foregoing, the dates or time limits indicated in the table contained below may be extended by the Receiver, as the Receiver deems necessary or appropriate, or by order of the Court.

8. The Receiver will post on the Receiver's website and serve on the service list maintained in these proceedings, as soon as practicable, any such modification, amendment, variation or supplement to these Bidding Procedures and inform the bidders impacted by such modifications.

9. The Sale Process will be conducted by the Receiver in the manner set forth herein and in accordance with the Order. In the event of a dispute as to the interpretation or application of the Order or these Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute. For the avoidance of doubt, all bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the Sale Process, including the qualification of bids, the construction and enforcement of the Sale Process, and closing of a Successful Bid, as applicable.

10. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

11. A summary of the key dates pursuant to the Sale Process is as follows:

Milestone	Date
Go to market	No later than June 14, 2024
Bid Deadline	July 16, 2024
Auction, if needed	<July 18, 2024
Hearing of the Sale Approval Motion / Transaction Execution Date	Subject to availability of the Court
Closing of Transaction (outside date)	No later than August 14, 2024

Solicitation of Interest: Notice of the Sale Process

12. As soon as reasonably practicable after Court approval of the Sale Process:

    a. the Receiver will prepare a list of potential bidders, including (i) parties that have approached the Debtor or the Receiver indicating an interest in the Opportunity and (ii) strategic and financial parties who the Receiver believes may be interested in the Opportunity;

    b. the Receiver, with the assistance of the Debtor, will prepare (i) a process summary (the "**Teaser Letter**") describing the Opportunity and the contemplated process under the Sale Process and inviting recipients of the Teaser Letter to express their interest in the Opportunity; and (ii) a non-disclosure agreement in form and substance satisfactory to the Receiver, which shall enure to the benefit of any purchaser of the Assets or any part thereof (an "**NDA**").

13. As soon as reasonably practicable, but, in any event, by no later than five (5) business days after the Court approval of the Sale Process, the Receiver shall (i) publish a notice of the Sale Process (and such other relevant information which the Receiver considers appropriate) (the "**Notice**") in the National Post and/or in one or more trade industry and/or insolvency-related publications as may be considered appropriate by the Receiver.

14. The Receiver will cause the Teaser Letter and NDA to be sent to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Receiver as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Virtual Data Room

15. A confidential virtual data room or rooms (collectively the “**VDR**”) in relation to the Opportunity will be made available by the Receiver to Potential Bidders (as defined below) that have executed the NDA. The VDR will be made available as soon as practicable.

Qualified Bidders

16. Any party who wishes to participate in the Sale Process (a "**Potential Bidder**") must provide to the Receiver and counsel to the Receiver, at the addresses specified in **Appendix "B"** hereto (including by email transmission), an NDA executed by it, acceptable to the Receiver, and written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

17. A Potential Bidder (who has delivered the executed NDA and letter as set out above) will be deemed a "**Qualified Bidder**" if the Receiver, in its reasonable judgment, determines such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or liquidation transaction pursuant to the Sale Process. All Qualified Bidders will be granted access to the VDR. For the avoidance of doubt, the Stalking Horse Bidder is, and will be deemed to be, a Qualified Bidder. The Receiver will provide to each Qualified Bidder a copy of the Stalking Horse Agreement and any material amendment thereto.

18. The Debtor, the Receiver and their respective advisors make no representation or warranty as to the information contained in the VDR, Teaser Letter or otherwise made available pursuant to the Sale Process.

19. At any time during the Sale Process, the Receiver may, in its reasonable judgment, eliminate a Qualified Bidder from the Sale Process, in which case such bidder will be eliminated from the Sale Process and will no longer be a "Qualified Bidder" for the purposes of the Sale Process.

20. Potential Bidders must rely solely on their own independent review, diligence, investigation and/or inspection of all information and of the Assets in connection with their participation in the Sale Process and any transaction they enter into with the Receiver.

Due Diligence

21. The Receiver shall, subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Assets as is available to the Receiver and as the Receiver may deem appropriate.

22. The Receiver will designate one or more representatives of the Receiver to be solely

responsible for coordinating and responding to all requests for information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Receiver, nor the Debtor through the Receiver, will be obligated to furnish any information relating to the Assets to any person other than to Qualified Bidders. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Receiver determines such information to represent proprietary or sensitive competitive information.

Formal Binding Offers

23. Any Qualified Bidder (other than the Stalking Horse Bidder) that wishes to make a formal offer to acquire all or substantially all of the Assets, whether through an asset purchase (a "**Sale Proposal**") or wishes to propose a liquidation of the assets (a "**Liquidation Proposal**"), must submit a binding offer (a "**Binding Offer**") by submitting a marked version compared to the Stalking Horse Agreement, a copy of which will be posted in the VDR in form and substance satisfactory to the Receiver (the "**Binding Offer Bidder**") to the Receiver, no later 5 p.m. EST on July 16, 2024 (the "**Binding Offer Deadline**").

24. A Binding Offer will be considered if it:

(a) is submitted in the form of asset purchase agreement template provided by the Receiver, accompanied by a blacklined version of the same showing all changes from the Stalking Horse Agreement (provided that a Liquidation Proposal is not required to be submitted on such template);

(b) provides for net cash proceeds on closing no less than the aggregate of: (A) the amount of cash equal in value to (i) the cash payable under the Stalking Horse Agreement together with (ii) value of the 'credit bid' component of the Stalking Horse Agreement, plus (B) the amount of cash payable to cover the Expense Reimbursement as defined in the Stalking Horse Agreement ($15,000), plus (C) a minimum overbid amount of $10,000 (the amounts set forth in this paragraph 24(b), the "Minimum Purchase Price");

(c) is submitted on or before the Binding Offer Deadline by a Qualified Bidder;

(d) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder;

(e) identifies any executory contracts and leases of the Debtor that the Binding Offer Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;

(f) is not subject to any financing condition, diligence condition or internal or board approval;

(g) is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding

Offer;

(h) contains or identifies the key terms and provisions to be included in any Approval Order;

(i) contains the Binding Offer Bidder's proposed treatment of employees of the Debtor (for example, anticipated employment offers and treatment of post-employment benefits);

(j) includes acknowledgments and representations of the Binding Offer Bidder that it: (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its Binding Offer; and (ii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity or the completeness of any information provided in connection therewith, other than as expressly set forth in the Binding Offer or other transaction document submitted with the Binding Offer;

(k) includes evidence satisfactory to the Receiver of funds available to pay the Minimum Purchase Price on closing;

(l) does not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder will be entitled to any bid protections;

(m) includes:

  (i) the specific purchase price in Canadian dollars and a description of any non- cash consideration;

  (ii) a description of the Assets that is expected to be subject to the transaction and any of the Assets expected to be excluded;

  (iii) a specific indication of the sources of capital for the Binding Offer Bidder and the structure and financing of the transaction; and

  (iv) a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume and which such liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;

(n) includes payment of a deposit in the amount of not less than 10% of the cash purchase price payable on closing (the "**Deposit**") by wire transfer to the Receiver;

(o) is accompanied by an acknowledgement that if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be non-refundable subject

to approval of such Successful Bid by the Court and the terms described in paragraph 38 below;

(p) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is ten (10) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than June 30, 2024 unless otherwise agreed to be extended by the Receiver, in writing, or by order of the Court (the "**Outside Date**"); and

(q) includes such other information as reasonably requested or identified as being necessary or required by the Receiver.

25. By submitting an offer for consideration as a Binding Offer, it is deemed that such Binding Offer: (i) may be accepted by the Receiver by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) business days after the date of closing of the applicable Successful Bid; and (B) the Outside Date.

26. The Receiver, in its reasonable judgment, may waive compliance with any one or more of the requirements specified above and consider such non-compliant Binding Offer. For the avoidance of doubt, the completion of any Binding Offer shall be subject to the approval of the Court.

27. In the circumstance that a Binding Offer, does not provide for net cash proceeds on closing that are at least equal to the Minimum Purchase Price, the Receiver may elect that such Binding Offer nevertheless be considered as a potential Successful Bid and be entitled to participate in the Auction.

Selection of Successful Bid

28. The Receiver may, following the receipt of any Binding Offer, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered.

29. The Receiver may negotiate with Binding Offer Bidders in any manner it considers appropriate in its business judgment with a view to maximizing the value of the Assets, including at the Auction (as defined below).

30. The Receiver will (i) review and evaluate each relevant Binding Offer; and (ii) identify the highest and otherwise best Binding Offer (the "**Successful Bid**", and the Binding Offer Bidder making such Successful Bid, the "**Successful Bidder**"). The Receiver may consider any commercial factor in evaluating Binding Offers, including, but not limited to, speed, certainty, value and preservation of employment. In the event that no Binding Offer (other than the Stalking Horse Bid) is selected as the Successful Bid, the Receiver will promptly seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.

31. If the Receiver determines that more than one Binding Offer (other than the Stalking Horse Bid) should be considered, the Receiver may, without being obligated to do so, conduct an auction (the "**Auction**") to select the highest and/or best Binding Offer in accordance with the procedure set out below.

(a) The Auction will commence at a time to be designated by the Receiver and may, in the discretion of the Receiver, be held virtually via videoconference, teleconference or such other reasonable means as the Receiver deems appropriate. The Receiver will consult with the parties permitted to attend the Auction to arrange for the Auction to be so held. Subject to the terms hereof, the Receiver may postpone the Auction.

(b) The identity of each Binding Offer Bidder participating in the Auction will be disclosed, on a confidential basis, to other Binding Offer Bidders participating in the Auction.

(c) Except as otherwise permitted in the Receiver's discretion, only the Receiver and the Binding Offer Bidders, and, in each case, their respective professionals and representatives, will be permitted to attend the Auction. Only Binding Offer Bidders (including, for greater certainty, the Stalking Horse Bidder) are eligible to participate in the Auction.

(d) Binding Offer Bidders will participate in the Auction through a duly authorized representative.

(e) Except as otherwise set forth herein, the Receiver may waive and/or employ and announce at the Auction additional rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are: (i) not inconsistent with the Order, the Sale Process, the Bidding Procedures, the BIA, or any order of the Court issued in connection with these proceedings; (ii) disclosed to each Binding Offer Bidder; and (iii) designed, by the Receiver, in its reasonable judgment, to result in the highest and otherwise best offer.

(f) The Receiver may arrange for the actual bidding at the Auction to be transcribed or recorded. Each Binding Offer Bidder participating in the Auction will designate a single individual to be its spokesperson during the Auction.

(g) Each Binding Offer Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Debtor or any other person, without the consent of the Receiver, regarding the Sale Process, that has not been disclosed to all other Binding Offer Bidders. For greater certainty, communications between the Stalking Horse Bidder and either the Debtor or the Receiver with respect to and in preparation of the Stalking Horse Agreement, the Sale Process and the Bidding Procedures, prior to the issuance of the Order and the commencement of the Sale Process will not represent collusion nor communications prohibited by this paragraph.

(h) Prior to the Auction, the Receiver will identify the highest and best of the Binding Offers received and such Binding Offers will constitute the opening bid for the purposes of the Auction (the "**Opening Bid**"). Subsequent bidding will continue in minimum increments valued at not less than $25,000.00 cash in excess of the Opening Bid. Each Binding Offer Bidder will provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price.

(i) All Binding Offer Bidders will have the right, at any time, to request that the Receiver announce, subject to any potential new bids, the then-current highest and best bid and, to the extent requested by any Binding Offer Bidder, use reasonable efforts to clarify any and all questions such Binding Offer Bidder may have regarding the Receiver's announcement of the then-current highest and best bid.

(j) Each participating Binding Offer Bidder will be given reasonable opportunity to submit an overbid at the Auction to any then-existing overbids. The Auction will continue until the bidding has concluded and there is one remaining Binding Offer Bidder. The Receiver shall determine which Binding Offer Bidders have submitted the highest and otherwise best Binding Offer of the Auction, which shall be a Successful Bid. The Receiver may consider any commercial factor in evaluating Binding Offers, including speed, certainty, value and preservation of employment. At such time and upon the conclusion of the bidding, the Auction will be closed, and the Binding Offer Bidder with the highest and otherwise best Binding Offer of the Auction will be a Successful Bidder.

(k) Upon selection of a Successful Bidder(s), if any, the Successful Bidder(s), if any, shall deliver to the Receiver an amended and executed transaction document that reflects their final bid and any other modifications submitted and agreed to during the Auction, prior to the filing of the motion material for the hearing to consider the Approval Motion.

(l) Any bids submitted after the conclusion of the Auction will not be considered.

(m) The Receiver shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.

32. A Successful Bid, if any, will be selected by no later than 5:00 p.m. (Eastern Time) on July 18, 2024 (or such later date immediately thereafter if the Auction is conducted and not completed in one day). If the applicable Successful Bid is terminated for any reason prior to the Outside Date, the Receiver may elect to, or by further order of the Court, seek to complete the transactions contemplated by the Stalking Horse Bid and will promptly seek to close the transaction contemplated by such Stalking Horse Bid, which will be deemed to be a Successful Bid. The Receiver will be deemed to have accepted such Stalking Horse Bid only when the Receiver has made such election.

Approval of Successful Bid

33. The Receiver will apply to the Court (the "**Approval Motion**") for one or more orders: (i) approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and (ii) granting a vesting order(s) to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) (collectively, the "**Approval Order(s)**"). The Approval Motion will be held on a date to be scheduled by the Debtor and confirmed by the Court upon application by the Debtor. With the consent of the Receiver, the Approval Motion may be adjourned or rescheduled by the Debtor without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list maintained in the NOI Proceedings prior to the Approval Motion. The Debtor will consult with the Receiver and the applicable Successful Bidder regarding the motion material to be filed by the Debtor for the Approval Motion.

34. All Binding Offers (other than the Successful Bid(s) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s)), with no further or continuing obligation of the Receiver to any unsuccessful Binding Offer Bidders, including the Stalking Horse Bidder.

Deposits

35. The Deposit(s):

(a) will, upon receipt from the Binding Offer Bidder(s), be retained by the Receiver and deposited in a non-interest-bearing trust account;

(b) received from the Successful Bidder(s) will:

(i) be applied to the purchase price to be paid by the applicable Successful Bidder whose Successful Bid is the subject of the Approval Order(s), upon closing of the approved transaction; and

(ii) otherwise be held and refunded in accordance with the terms of the definitive documentation in respect of the applicable Successful Bid, provided that all such documentation will provide that the Deposit will be retained by the Debtor and forfeited by the Successful Bidder, if its Successful Bid fails to close by the Outside Date and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of its Successful Bid; and

(c) received from the Binding Offer Bidder(s) that are not a Successful Bidder will be fully refunded to the Binding Offer Bidder(s) that paid the Deposit(s), as applicable, as soon as practical following the closing of the applicable Successful Bid.

"As is, Where is"

36. Any sale (or sales), including in the case of liquidation, of the Assets or the Business or

portions thereof will be on an "**as is, where is**" basis except for representations and warranties that are customarily provided in purchase agreements for a company subject to NOI Proceedings. Any such representations and warranties provided for in the definitive documents will not survive closing.

Confidentiality

37. For greater certainty, other than as required in connection with any Auction or Approval Motion, neither the Debtor nor the Receiver will disclose: (i) the identity of any Potential Bidder or Qualified Bidder (other than the Stalking Horse Bidder); or (ii) the terms of any bid, Sale Proposal, , Liquidation Proposal, or Binding Offer (other than the Stalking Horse Agreement), to any other bidder or any of its affiliates, except to the extent the Receiver, with the consent of such applicable parties is seeking to combine separate bids into Aggregated Bids. Potential Bidders, Qualified Bidders (including the Stalking Horse Bidder), Binding Offer Bidders and each of their respective affiliates shall not communicate with, or contact, directly or indirectly, any other Potential Bidder, Qualified Bidder (including the Stalking Horse Bidder), Binding Offer Bidder, or their respective affiliates, without the express written consent of the Receiver, and such communications or discussions are to take place under the supervision of the Receiver.

Further Orders

38. At any time during the Sale Process, the Debtor or the Receiver may apply to the Court for advice and directions with respect to any aspect of this Sale Process including, but not limited to, the continuation of or termination of the Sale Process or with respect to the discharge of its powers and duties hereunder.

Additional Terms

39. In addition to any other requirement of the Sale Process:

    (a) Any consent, approval or confirmation to be provided by the Stalking Horse Bidder, the Debtor and/or the Receiver is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the BIA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email will be deemed to have been provided in writing for the purposes of this paragraph.

    (b) Prior to seeking Court approval for any transaction or bid contemplated by this Sale Process, the Receiver will provide a report to the Court on the Sale Process, parts of which may be filed under seal, including in respect of any and all bids received.

40. This Sale Process does not, and will not be interpreted to create any contractual or legal relationship between the Receiver and any other party, other than as specifically set forth in the NDA or any other definitive agreement executed.

41. Notwithstanding anything to the contrary herein, the Receiver shall have no liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder (including the Stalking Horse Bidder), Binding Offer Bidder, Known Potential Bidder, Successful Bidder, or any other creditor or stakeholder, or any Applicant, as a result of implementation or otherwise in connection with this Sale Process, except to the extent that any such liabilities result from the gross negligence or willful misconduct of the Receiver, as determined by the Court, and all such persons or entities shall have no claim against the Receiver in respect of the Sale Process for any reason whatsoever.

APPENDIX "B"

The Receiver:

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of the Debtor
250 Fernand Dr. – Suite 403
Toronto, Ontario M3C 3G8

Attention: Adam Zeldin
Email: azeldin@albertgelman.com

with a copy to:

RECONSTRUCT LLP
200 Bay Street, Suite 2305 – PO Box 120
Toronto, Ontario M5J 2J3

Attention: Caitlin Fell
Email: cfell@reconstructllp.com

TAB R

This is Exhibit “R” referred to in the Affidavit of Laura Moscone sworn before me this 30th day of May, 2024.

____
A Commissioner, etc.

Court File No.: ________________

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

- and –

MILESTONE GRANITE & MARBLE LTD.

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

CONSENT TO ACT

ALBERT GELMAN INC. hereby consents to act as receiver of all of the assets, undertakings and properties of the respondent, Milestone Marble & Granite Ltd.

DATED at Toronto, Ontario this 3rd day of June 2024

ALBERT GELMAN INC.,
Licensed Insolvency Trustee

Per:

____
Adam Zeldin, *CPA, CA, CIRP, LIT*

MILESTONE DISTRIBUTION 2024 LTD -and- **MILESTONE MARBLE & GRANITE LTD.**

Applicant Respondent

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

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
[Commercial List]

Proceedings commenced at Toronto

AFFIDAVIT OF
LAURA MOSCONE
(sworn May 30, 2024)

LOOPSTRA NIXON LLP
130 Adelaide St. W, Suite 2800
Toronto, ON M5H 3P5

R. Graham Phoenix (LSUC # 52650N) /
Shahrzad Hamraz (LSUC #85218H)
Tel: (416) 746-4710
Fax: (416) 746-8319
Email: gphoenix@ln.law /
shamraz@ln.law.

Lawyers for the Applicant

TAB 3

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

~~Court File No.~~

Court File No. CV-24-00720368-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

THE HONOURABLE	)	~~WEEKDAY, THE #~~
JUSTICE BLACK	)	WEDNESDAY, the 12TH
	)	DAY OF ~~MONTH, 20YR~~JUNE, 2024

~~**PLAINTIFF**[1]~~

~~Plaintiff~~

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

- and -

~~**DEFENDANT**~~

~~Defendant~~

MILESTONE MARBLE & GRANITE LTD.

Respondent

~~[1] The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.~~

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
(appointing Receiver)

THIS MOTION made by the ~~**Plaintiff**~~[2]Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA~~")~~"), for an order, *inter alia* (i) appointing ~~**[RECEIVER'S NAME]**~~Albert Gelman Inc. as receiver ~~[~~and manager~~]~~ (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of ~~**[DEBTOR'S NAME]**~~Milestone Marble & Granite Ltd. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor~~,~~; (ii) approving the Sales Process substantially in the form attached as **Schedule "B"** hereto; and, (iii) approving the stalking horse asset purchase agreement between the Applicant, as buyer, and the Receiver, as vendor, (the "Stalking Horse APA") substantially in the form attached as Exhibit "P" to affidavit of Laura Moscone sworn May 30, 2024 (the "Moscone Affidavit") was heard this day by judicial videoconference, administered by the office of this Honourable Court at 330 University Avenue, Toronto, Ontario.

ON READING the ~~**affidavit of [NAME] sworn [DATE]**~~Moscone Affidavit and the ~~**Exhibits**~~exhibits thereto and ~~**on hearing**~~the pre-filing report of the proposed Receiver dated <*> and the appendices thereto ("**Proposed Receiver's Report**"); **AND ON HEARING** the submissions of counsel for ~~**[NAMES],**~~Applicant, the proposed Receiver and the other parties listed on the Participant Information Sheet, no one else appearing for ~~**[NAME]**~~the other parties listed on the service list although duly served as appears from the affidavit of service of ~~**[NAME]**~~Amanda Adamo sworn ~~**[DATE]**~~June 3, 2024, and on reading the consent of ~~**[RECEIVER'S NAME]**~~Albert Gelman Inc. to act as the Receiver,

SERVICE

~~[2] Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".~~

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

APPOINTMENT

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

RECEIVER’S POWERS

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

~~(a)~~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)~~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;

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

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

~~(h)~~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)~~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.[4] 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)~~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)~~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 ~~$__________,~~$75,000 provided that the aggregate consideration for all such transactions does not exceed ~~$__________;~~$300,000; 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*~~, [~~ and/or section 31 of the Ontario *Mortgages Act*, as the case may be~~,]~~[5] shall not be required~~, and in each case the Ontario *Bulk Sales Act* shall not apply~~.

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

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

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

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

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

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

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

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

access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on

any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

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

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

EMPLOYEES

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

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated,

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

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.[6]

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

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

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed ~~$__________~~$250,000 (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.

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

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

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

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

APPROVAL OF STALKING HORSE SALE PROCESS

25. **THIS COURT ORDERS** that the stalking horse sale process set out in **Schedule "B"** to this order in respect of the Debtor's assets and/or business (the "Sale Process") is hereby approved.

26. **THIS COURT ORDERS** that the Receiver is authorized and directed to take such steps as is deemed necessary or advisable to carry out the Sale Process and perform its duties and obligations under the Sale Process; and, to take such steps and execute such documentation as may be necessary or incidental to the Sale Process, provided that any definitive agreement to be executed in respect of the sale of all or part of the Property shall require further approval of this Court.

27. **THIS COURT ORDERS** that the Receiver, and its assistants, affiliates, partners, employees, representatives and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature of kind, to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct in performing their obligations under the Sale Process as determined by this Court.

APPROVAL OF STALKING HORSE APA

28. **THIS COURT ORDERS** that the execution, delivery, and entry into by the Receiver of the Stalking Horse APA between the Receiver and Milestone Distribution 2024 Ltd., is confirmed, authorized and approved. For greater certainty, the Stalking Horse APA is approved only as a bid in the Sale Process (*as defined herein*) and the transaction contemplated therein is subject to prior Court approval.

SERVICE AND NOTICE

~~25.~~29. **THIS COURT ORDERS** that the E-Service ~~Protocol~~Guide of the Commercial List (the "**~~Protocol~~Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the ~~Protocol~~Guide (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/)~~www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/ 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~~13 of the ~~Protocol~~Guide, service of documents in accordance with the ~~Protocol~~Guide will be effective on transmission. ~~-~~This Court further orders that a Case Website shall be established in accordance with the ~~Protocol~~Guide with the following URL ~~‘<@>’.~~: https://www.albertgelman.com/corporate-solutions/other-engagements/.

~~26.~~30. **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.

31. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be

reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

~~27.~~32. **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.

~~28.~~33. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

~~29.~~34. **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.~~35. **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.~~36. **THIS COURT ORDERS** that the ~~Plaintiff~~Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the ~~Plaintiff's~~Applicant's security or, if not so provided by the ~~Plaintiff's~~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.~~37. **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.

38. ~~Schedule~~**THIS COURT ORDERS** that this order is effective from 12:01am (Toronto time) on today's date and is enforceable without the need for entry and filing, provided that any party may nonetheless submit a formal order for original signing, entry and filing, as the case may be.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

~~1.~~ THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of ______, 20__ (the "Order") made in an action having Court file number __-CL-_______, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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.

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

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.

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.

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

DATED the _____ day of ______________, 20__.

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

Per: ____________________________________

Name:

Title:

SCHEDULE "B"

PROCEDURES FOR STALKING HORSE SALE PROCESS

~~DOCSTOR: 1771742\8~~

MILESTONE DISTRIBUTION 2024 LTD - and - **MILESTONE MARBLE & GRANITE LTD.**

Applicant Respondents

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

Court File No.: CV-24-00720368-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceedings commenced at **TORONTO**

ORDER (appointing Receiver)

LOOPSTRA NIXON LLP
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TORONTO, ON M5H 3P5

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COUNSEL TO THE APPLICANT

MILESTONE DISTRIBUTION 2024 LTD. - and - **MILESTONE GRANITE & MARBLE LTD.**

Applicant | Respondent

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

Court File No.: CV-24-00720368-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at **TORONTO**

APPLICATION RECORD OF
MILESTONE DISTRIBUTION 2024 LTD.
(Returnable June 12, 2024 @ 11:00am Via Videoconference)

LOOPSTRA NIXON LLP
130 Adelaide St., W., Suite 2800
Toronto, ON M5H 3P5

R. Graham Phoenix (LSO No. 52650N)
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