

THIS IS EXHIBIT "24" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024

A handwritten signature in blue ink, appearing to read "Arbuthnot", is written over a horizontal line.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

THE REAL PROPERTY ACT

STANDARD CHARGE MORTGAGE TERMS

FILED BY: Credit Union Central of Manitoba Limited

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The following Standard Charge Mortgage Terms ("SCMT") are included in every mortgage which refers to this set of terms by its name and filing number, as provided in *The Real Property Act*.

1. CONTENTS

Paragraph	Heading	Page
1.	CONTENTS	1
2.	DEFINITIONS AND INTERPRETATION	3
3.	OPERATION OF MORTGAGE	4
3.1	Mortgage Of Land	4
3.2	Continuing Security/Readvancement	4
3.3	Right to Deal Freely with any Loan Secured by this Mortgage	5
3.4	Continuation Of Mortgage	6
3.5	Assignment	6
3.6	Discharge/Transfer	6
4.	INTEREST – FIXED RATE MORTGAGE	6
4.1	Fixed Interest Rate	6
4.2	Equivalent Rate	6
5.	INTEREST – VARIABLE RATE MORTGAGE OR CAPPED RATE MORTGAGE	6
5.1	Variable Interest Rate	6
5.2	Convertibility	6
5.3	Increases In Prime Rate	7
6.	INTEREST – MULTI-PURPOSE MORTGAGE	7
7.	PAYMENT PROVISIONS	7
8.	COMPOUND INTEREST	7
9.	DEFERRED INTEREST	7
10.	INTEREST ON OTHER CHARGES	7
11.	CALCULATION OF INTEREST COMPONENT OF PAYMENT	7
12.	TERMS OF PAYMENT – FIXED RATE MORTGAGE, VARIABLE RATE MORTGAGE, CAPPED RATE MORTGAGE	7
12.1	Payment Of Interest To The Interest Adjustment Date (I.A.D.)	8
12.2	Payments After The Interest Adjustment Date (I.A.D.)	8
12.3	Mortgage Payable On Demand	8
12.4	Application Of Payments	8
12.5	Payment On Sale Or Transfer	8
12.6	Demand/Acceleration Of Repayment	8
12.7	Prepayment Provisions	8
12.8	Loan Repayable On Different Terms	9
13.	TERMS OF PAYMENT – MULTI-PURPOSE MORTGAGE	9
13.1	Terms Of Repayment	9
13.2	Payment On Sale Or Transfer	9
13.3	Prepayment Provisions	10
13.4	Loan Amount Exceeding Mortgage Principal Amount	10
14.	YOUR COVENANTS AND PROMISES TO US	10
14.1	Application	10
14.2	Title	10
14.3	Further Encumbrances	11
14.4	Use Of Loan	11
14.5	Covenant To Pay	11
14.6	Taxes, Etc	11
14.7	Insurance	11
14.8	Vacancy, Waste	12
14.9	Hazardous Substances	12
14.10	Repair	12
14.11	Quiet Possession On Default	13



14.12 Other Obligations And Agreements 13

14.13 Further Assurances 13

14.14 Default 13

14.15 No Change In Use 13

14.16 Inspections 13

14.17 Other Claims or Liens 13

14.18 Construction and Construction Advances 13

14.19 Foreign Resident 13

14.20 Renting the Land (Mortgages of Single Family Residences only) 13

14.21 New Home Warranty 13

14.22 Deposit Account for Payments 13

15. PROTECTING OUR INTERESTS 13

16. OTHERCHARGES 14

17. OUR-REMEDIES ON DEFAULT 14

17.1 Sue 14

17.2 Take Possession And Lease 14

17.3 Collect Rents And Profits 14

17.4 Distrain 14

17.5 Sell 14

17.6 Foreclosure 14

17.7 Appoint Receiver 14

17.8 Other Remedies 15

17.9 Additional Security 15

17.10 Our Obligation To Make Further Advances Ends 15

17.11 You Are Not Relieved Where We Remedy Your Default 15

18. RIGHTS CUMULATIVE 15

19. NON-MERGER 15

20. DELAY IN ENFORCEMENT 15

21. ADVANCES OF MORTGAGE PRINCIPAL AMOUNT 15

21.1 Advances After Signing 15

21.2 Credit Union Not Bound To Advance 15

22. PARTIAL RELEASE AND POSTPONEMENT 15

23. ATTORNMENMENT 15

24. EXPROPRIATION 15

25. SUBDIVISION 16

26. CONDOMINIUM 16

26.1 Compliance With *The Condominium Act* And Declaration 16

26.2 Common Expenses 16

26.3 Authorization To Vote 16

26.4 Insurance 16

26.5 More Than One Condominium Unit 16

26.6 Acknowledgment Of Mortgage 16

26.7 Termination Of Condominium Status 16

27. IMPROVEMENT TO LAND 16

28. RENEWAL, AMENDMENT, EXTENSION 16

29. COVENANTOR 17

30. CORPORATE BORROWER 17

31. ASSIGNMENT OF LEASES 17

32. RELEASE OF INFORMATION AND CONSENT TO DISCLOSURE 17

33. EFFECT ON OTHER OBLIGATIONS AND SECURITY 17

34. WHO IS BOUND 17

35. NOTICE 18

36. TIME 18

37. HEADINGS 18

38. PARTIAL INVALIDITY 18

39. GOVERNING LAW 18

40. CURRENCY AND PLACE 18

MORTGAGE OF ESTATE 18

NO RELEASE BY VIRTUE OF DEALINGS WITH SUCCESSORS 18



43.	CHANGE IN FAMILY STATUS	18
44.	CANADA MORTGAGE AND HOUSING CORPORATION (CMHC).....	18

2. DEFINITIONS AND INTERPRETATION

All terms used in this set of SCMT which are defined in *The Real Property Act* have the same meaning as they do in *The Real Property Act* unless expressly varied by this document. Not all terms defined and not all provisions contained in this set of SCMT will apply to every mortgage. There are some terms and provisions that will only apply to a Fixed Rate Mortgage, a Variable Rate Mortgage, a Capped Rate Mortgage or a Multi-Purpose Mortgage, as the case may be.

In these SCMT and in every mortgage which includes them:

- (a) **ACT** means *The Real Property Act*, C.C.S.M. c. R30, and any amendments to it.
- (b) **BALANCE DUE DATE** means the date shown in Box 5, if any, on which the outstanding balance of the Loan Amount is due and payable.
- (c) **BORROWER, YOU, YOUR** means the person or corporation who is, or is entitled to be, the registered owner of the Land, and who is described in Box 1 and has signed on the Signature Page as mortgagor. Borrower includes your Successors and where the context requires, any Covenanter.
- (d) **BOX** means a box, designated by its number, on the Mortgage Document. Where any information contained in a Box is amended by agreement, a reference in these SCMT to information in a Box will include the information contained in any amending agreement.
- (e) **CAPPED RATE** means the maximum interest rate that you will be charged under the Mortgage up to and including the Capped Rate Expiry Date. The Capped Rate is as set out in Box 5 – Other Details.
- (f) **CAPPED RATE EXPIRY DATE** means the date after which the Credit Union's commitment to charge interest at no greater than the Capped Rate shall have no further effect. The Capped Rate Expiry Date is as set out in Box 5 – Other Details.
- (g) **CAPPED RATE MORTGAGE** means, if Box 5 – Mortgage Description indicates that the mortgage type is "Capped Rate", the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT, and any future renewals, amendments, extensions or any replacement or substitutional forms which may be prescribed.
- (h) **CMHC** means Canada Mortgage and Housing Corporation and its successors.
- (i) **CMHC PROGRAM** means a national program for pooling and securitizing housing loans, under which CMHC is program administrator.
- (j) **COVENANTOR** means any person who, although not a registered owner of the Land has signed the Mortgage Document.
- (k) **CREDIT UNION, WE, OUR, US** means the mortgagee set out in the Mortgage Document and includes its Successors.
- (l) **EQUIVALENT RATE** means, in the case of a Fixed Rate Mortgage, the interest rate calculated weekly, bi-weekly, semi-monthly, monthly, quarterly or annually in accordance with payments made as shown under the Payment Frequency set out in Box 5 of the Mortgage Document that is equal to the Interest Rate calculated semi-annually not in advance. The Equivalent Rate at the date of the Mortgage is as set out in Box 5 – Other Details. As the Interest Rate changes or if you change the frequency of your periodic payments, we will advise you of the new Equivalent Rate.
- (m) **FIXED RATE MORTGAGE** means, if Box 5 – Mortgage Description indicates that the mortgage type is "Fixed Rate"; the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT and any future renewals, amendments, extensions or any replacement or substitutional forms which may be prescribed.
- (n) **INSURED LOAN UNDER A MULTI-PURPOSE MORTGAGE** means a loan that is insured by a mortgage default insurer and is secured under a Multi-Purpose Mortgage.
- (o) **INTEREST ADJUSTMENT DATE or I.A.D.** means the date set out in Box 5 (in the case of a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage), as amended from time to time and is the date on which you agree to pay interest accrued from the date of advance of funds. If there is a change to the I.A.D., we will notify you of the amended date. In the case of a Multi-Purpose Mortgage or a mortgage payable on demand, the I.A.D. means the date of the first advance of funds or as may be set out in a Loan Document.
- (p) **INTEREST RATE** means:
 - (i) in the case of a Fixed Rate Mortgage, the interest rate as set out in Box 5 as amended from time to time. It is calculated semi-annually not in advance as set out in Box 5
 - (ii) in the case of a Variable Rate Mortgage or a Capped Rate Mortgage, the variable interest rate as set out in Box 5; and
 - (iii) in the case of a Multi-Purpose Mortgage, the interest rates as set out in Loan Documents.
- (q) **LAND** means the lands and premises described in Box 3 or in an amending agreement between us. It includes the land and all buildings, plant, machinery, fixtures, structures, and improvements whether fixed or otherwise, present or future and includes all crops and trees and products of the soil, and all mines and minerals and sand and gravel now or hereafter forming part of the land, and together with all easements, covenants, powers, privileges and other rights now or hereafter attached to or forming part of or benefiting the land. In the case of a leasehold title it means the lease, except for the last day of the term of the lease and any other right, interest or benefit set out in the lease. In the case of a condominium unit, it means the unit and the undivided interest in the common elements and the right to any exclusive common elements assigned to the unit pursuant to *The Condominium Act* or the Declaration or By-Laws.
- (r) **LOAN** means in the case of a Multi-Purpose Mortgage, each loan made by us to you from time to time pursuant to a Loan Document, on such terms as notified to you from time to time, that you have agreed in writing will be secured by the Mortgage.
- (s) **LOAN AMOUNT** means:
 - (i) in the case of a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage, the total amount you owe us at any time. It includes principal, interest and all Other Charges secured by this Mortgage.
 - (ii) in the case of a Multi-Purpose Mortgage, the total amount you owe us at any time under the Loan Documents. It includes principal, interest and all Other Charges secured by this Mortgage.
- (t) **LOAN DOCUMENT or LOAN DOCUMENTS** means in the case of a Multi-Purpose Mortgage,
 - (i) each and every promissory note or notes which may be delivered by you or any other person assuming the indebtedness hereby secured and accepted by us by way of renewal of, novation or substitution for the same, or as a supplement thereto and/or
 - (ii) each and every line of credit agreement you have or may hereafter enter into with us, as amended from time to time, under which we have established or will establish a line of credit in your favour; and/or
 - (iii) each and every guarantee you have or may hereafter enter into with us on behalf of a principal debtor;
 - (iv) each and every indemnity which you may have provided to us in connection with any obligation owed to us and/or each and every existing or future other agreement between us or other instrument or document pursuant to which you undertake payment or performance of any one or more obligations to us or any other commitment letter or offer to provide financing. In all cases, Loan Documents shall include any amendments, extensions, replacements and supplements.



- (u) MORTGAGE means the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under the mortgage. It includes the Mortgage Document, these SCMT and any future renewals, amendments or extensions. It also includes any amendments and replacement or substitutional forms which may be prescribed.
- (v) MORTGAGE DOCUMENT means the mortgage form prescribed by the Act and Regulations and includes all amendments and revisions to it.
- (w) MORTGAGE PRINCIPAL AMOUNT means:
 - (i) In the case of a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage, the principal amount originally secured by the Mortgage as may be set out in Box 5 or in an amending agreement between us.
 - (ii) In the case of a Multi-Purpose Mortgage, the original maximum principal amount as may be set out in Box 5, in the Loan Documents or in any amending agreements between us.
- (x) MULTI-PURPOSE MORTGAGE means, if Box 5 – Mortgage Description indicates that the mortgage type is "Multi-Purpose", the mortgage you have given to us under the Act and Regulations to secure payment of the Mortgage Principal Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT and any amendments or any replacement or substitutional forms which may be prescribed.
- (y) OTHER CHARGES means all charges described in paragraph 16 of this document. Such Other Charges are added to the Mortgage Principal Amount, and they bear interest and are secured by the Mortgage in the same way as the Mortgage Principal Amount.
- (z) PRIME RATE is our base lending rate for variable rate or capped rate mortgages and may be referred to by any name as defined by us and will be described in Box 5. It is subject to change, as and when announced by us.
- (aa) REGULATIONS means any Regulations made under the Act from time to time.
- (bb) SUCCESSORS means heirs, executors, administrators, personal or legal representatives, successors and successors in title or name and assigns.
- (cc) TAXES means all property taxes, rates, levies and assessments levied on the Land whatsoever (including local improvement levies and school taxes), and includes any charges collectible as taxes.
- (dd) VARIABLE RATE MORTGAGE means, if Box 5 – Mortgage Description indicates that the mortgage type is "Variable Rate", the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT and any future renewals, amendments, extensions or any replacement or substitutional forms which may be prescribed.

3. OPERATION OF MORTGAGE

3.1 Mortgage Of Land

By signing the Mortgage, you agree to mortgage your entire interest in the Land, both present and future, to us as security for repayment of the Loan Amount and performance of other obligations under the Mortgage and the Loan Documents. This mortgaging is to extend to all interests in the Land acquired by any future owner while the Mortgage remains undischarged.

You may remain in possession of the Land as long as you make the payments and fulfill the obligations owed to the Credit Union under the Mortgage or the Loan Documents, as applicable.

3.2 Continuing Security/Readvancement

- (a) FIXED RATE MORTGAGE, VARIABLE RATE MORTGAGE OR CAPPED RATE MORTGAGE If this Mortgage is a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage, the following terms apply:
 - (i) This Mortgage shall operate as a continuing security for payment of all monies actually advanced from time to time by us to you and outstanding from time to time, and for payment of all your indebtedness and liability to us whether presently existing or hereafter incurred, and this Mortgage is intended by you and us to secure us in respect of any one or more loans and it shall operate as security for us notwithstanding that you may from time to time make payments to us and reduce or retire your indebtedness and liability, in whole or in part, on one or more occasions. Notwithstanding any payment on account of any of your indebtedness to us at any time, any further, new or fresh advance or advances will, together with interest and Other Charges be secured by this Mortgage notwithstanding the mortgaging or charging of the Land by any intervening or intermediate mortgage, charge or encumbrance ("intervening interest") and the Mortgage will at all times hold priority over any such intervening interest. This Mortgage shall be and shall remain valid security for any and all subsequent advances or readvances by us.
 - (ii) We may, as a condition of readvancement of funds; from time to time, require you to amend the Mortgage (including without limitation, the Interest Rate, the Land mortgaged, the Mortgage Principal Amount and repayment terms) by giving you a notice setting out the amendment. Any such notice may be given in accordance with paragraph 35. We may also require you to sign an amending agreement and if we do, the provisions of paragraph 28 of this document ("RENEWAL, AMENDMENT, EXTENSION") will apply.
 - (iii) If a residential Fixed Rate Mortgage is insured by a mortgage default insurer, the following provisions apply to the amount of the indebtedness covered by it and it shall be referred to as the "CMHC Pool Eligible Loan":
 - (I) The Credit Union has the right at any time, both before and after the date of advance of the Loan Amount, without notice to you and without your consent, to sell, assign, syndicate or securitize any loan secured by this Mortgage to any other party or parties (each a "Holder") and in such event; the Holder(s) shall have all of the Credit Union's rights under this Mortgage, including the right to sell or assign the loan in turn, without affecting the Interest Rate or other terms of the loan. The Credit Union may, from time to time, in connection with the sale, assignment, syndication or securitization of a loan, or otherwise, appoint or designate a custodian or agent for a loan, which custodian or agent may be the registered mortgagee. The Borrower and each Covenantor, if any, and any guarantor, if any, acknowledge that such custodian or agent shall have no liability whatsoever to the Borrower or Covenantor, if any, and any guarantor in connection with the loan, being merely custodian or agent for us and/or the Holder.
 - (II) The Credit Union has the unrestricted right from time to time to appoint a third party to service or administer any part of the Loan Amount and to deal with the Borrower and each Covenantor; if any, and any guarantor, if any, in place of the Credit Union, provided that until the Credit Union gives notice of such appointment to you, the Borrower and each Covenantor, if any, and any guarantor, if any, shall continue to deal with the Credit Union in all matters pertaining to the servicing or administration of the Loan.
 - (III) If a CMHC Pool Eligible Loan is sold, assigned, syndicated or securitized, the following provisions shall apply:
 - A. Notwithstanding the provisions for additional or further advances contained herein; there is no right for additional advances or further advances of monies repaid on account of the CMHC Pool Eligible Loan and all monies applied in reduction of the Loan Amount thereof shall permanently reduce the balance owing under the CMHC Pool Eligible Loan;
 - B. Notwithstanding the provisions contained herein stating that the mortgage shall secure all amounts owing from time to time by you to us, the only additions to the amount secured under the CMHC Pool Eligible Loan shall be interest accruing but unpaid and any costs incurred by us and that are, under the provisions hereof, *The Mortgage Act*, *The Real Property Act* or any other law, ordinance or regulation, allowed to be added to the Loan Amount;
 - C. This mortgage shall stand as security only for the specific CMHC Pool Eligible Loan that has been sold, assigned, syndicated or securitized into a CMHC Program for as long as that loan remains in a CMHC Program.
- (b) MULTI-PURPOSE MORTGAGE If this Mortgage is a Multi-Purpose Mortgage, the following terms apply:
 - (i) This Multi-Purpose Mortgage shall operate as a continuing security for payment of all monies actually advanced from time to time by us to you or to any principal debtor where obligations are covered or secured by the Loan Documents and all other obligations from time to time owed by you to us outstanding from time to time under the Loan Documents. It is agreed that this Multi-Purpose Mortgage and the Loan Documents will operate as security notwithstanding that you may from time to time make payments to us and reduce or retire your



indebtedness. Notwithstanding that at any time, any person or persons acquire any encumbrance, claim or other interest in or against the Land subsequent to the registration of this Multi-Purpose Mortgage in the land titles office, and any of your obligations have been paid or performed in whole or in part prior to or concurrently with the acquisition of any such other encumbrance, claim or other interest, and thereafter you undertake new or fresh obligations to us which are secured or covered by the Loan Documents and as secured by this Multi-Purpose Mortgage, this Multi-Purpose Mortgage shall, with respect to such new or fresh obligations, hold full priority over any such other encumbrance, claim or other interest to the maximum extent permitted by applicable law.

- (ii) This Multi-Purpose Mortgage shall not operate as a merger of the Loan Documents hereby secured or affect or prejudice in any way our rights and powers thereunder, subject to sub-paragraph 14.1. If the Loan Documents include a guarantee, the taking of this Multi-Purpose Mortgage shall not operate as a merger of our remedies for payment of the indebtedness of any principal debtor referred to in the Loan Document or of our remedies pursuant to the Loan Document; or pursuant to any other present or future security held by us, and notwithstanding this Multi-Purpose Mortgage and anything herein contained, the said remedies shall remain intact and be capable of enforcement against any principal debtor and you and all other persons liable in respect thereof in the same manner and to the same extent as if this Multi-Purpose Mortgage had not been executed, and this Multi-Purpose Mortgage is and shall be continuing security to us for payment of the amount of the said liability pursuant to the Loan Document and interest thereon.
 - (iii) This Multi-Purpose Mortgage is taken in addition to and not in substitution for any other security now or hereafter taken by us with respect to advances made to you or advances or other value made to any one or more principal debtor and each and every right, remedy and power granted to us hereunder and pursuant to security documents taken by us in respect to the said advances shall be cumulative and shall be in addition to the right or power herein specifically granted or now or hereafter existing in equity or, at law, by virtue of statute or otherwise from time to time concurrently or independently and as often and in such order as we may deem expedient. Any failure or delay on our part in exercising any such right or power or any abandonment or discontinuance of steps taken to enforce the same shall not operate as a waiver thereof or affect our right thereafter to exercise the same, and any single or partial exercise of any such right or power shall not preclude any other or further exercise thereof or the exercise of any other right or power.
 - (iv) Any and all payments made in respect of any indebtedness hereby secured and the monies or other proceeds realized from any securities held therefor (including this Multi-Purpose Mortgage) may be applied and re-applied notwithstanding any previous application on such part or parts of the indebtedness pursuant to the Loan Documents as we may see fit, subject to sub-paragraph 3.3.
 - (v) If the Loan Documents include a guarantee, for the purposes of establishing the priority of the security constituted by this Multi-Purpose Mortgage, value shall be deemed to have been advanced under this Multi-Purpose Mortgage at the respective times when value is advanced to or for the account of the principal debtor whose obligations are secured or covered by the Loan Document, and it is agreed that value will not be deemed to have been advanced only at the time when the principal debtor defaults in the payment or performance of the principal debtor's obligations to us, or at the time when we make demand upon you for satisfaction of the principal debtor's obligations under the Loan Document or otherwise.
- (c) **INSURED LOAN UNDER A MULTI-PURPOSE MORTGAGE** If this Mortgage is a Multi-Purpose Mortgage that secures a loan that is insured and/or financed under a Credit Union financing or private or public mortgage insurance program under the *National Housing Act* (Canada) and associated regulations, the following terms apply and it shall be referred to in clause 3.2(c) and clause 3.2(d) as the "CMHC Pool Eligible Loan":
- (i) The Credit Union has the right at any time, both before and after the date of advance of the Loan Amount, without notice to you and without your consent, to sell, assign, syndicate or securitize any loan secured by this Mortgage to any other party or parties (each a "Holder") and in such event, the Holder(s) shall have all of the Credit Union's rights under this Mortgage, including the right to sell or assign the loan in turn, without affecting the Interest Rate or other terms of the loan. The Credit Union may, from time to time, in connection with the sale, assignment, syndication or securitization of a loan, or otherwise, appoint or designate a custodian or agent for a loan, which custodian or agent may be the registered mortgagee. The Borrower and each Covenantor, if any, and any guarantor, if any, acknowledge that such custodian or agent shall have no liability whatsoever to the Borrower or Covenantor, if any, and any guarantor in connection with the loan, being merely custodian or agent for us and or the Holder.
 - (ii) The Credit Union has the unrestricted right from time to time to appoint a third party to service or administer any part of the Loan Amount and to deal with the Borrower and each Covenantor, if any, and any guarantor, if any, in place of the Credit Union, provided that until the Credit Union gives notice of such appointment to you, the Borrower and each Covenantor, if any, and any guarantor, if any, shall continue to deal with the Credit Union in all matters pertaining to the servicing or administration of the Loan.
 - (iii) Each loan secured by this Mortgage is a separate and distinct loan.
 - (iv) A CMHC Pool Eligible Loan will always take priority over any other loan secured hereby as to payment, collection, enforcement and realization.
 - (v) If the total amount of all loans secured under the Mortgage, in the reasonable opinion of the Credit Union, is less than 80% of the value of the Land, then upon default hereunder, a CMHC Pool Eligible Loan will have priority over any other loan also secured under this Mortgage as to payment, collection, enforcement and realization.
 - (vi) If either (a) the Credit Union has included the loan insured by a mortgage default insurer in a pool of mortgages that are securitized under a CMHC Program or (b) in the Credit Union's reasonable opinion the total amount of all loans secured under the Mortgage is equal to or greater than 80% of the value of the Land, then the loan insured by a mortgage default insurer is deemed to be the only loan secured by the Mortgage, with the result that (i) any other existing loans purporting to be secured by this Mortgage are deemed not to be so secured while the loan insured by a mortgage default insurer remains in a CMHC Program or the total amount of all loans secured under the Mortgage is equal to or greater than 80% of the value of the Land, and (ii) the Mortgage is not eligible to stand as security for any future loans so long as the loan insured by a mortgage default insurer remains in a CMHC Program or the total amount of all loans secured under the Mortgage is equal to or greater than 80% of the value of the Land and the Credit Union will not be able to offer any further credit products to you that would be secured by this Mortgage until the loan insured by a mortgage default insurer is no longer in CMHC Program or the total amount of all loans secured under the Mortgage falls below 80% of the value of the Land.
 - (vii) The CMHC Pool Eligible Loan shall have priority of payment, collection, enforcement and realization over any other amounts owed by you to us under any other Loan Document;
 - (viii) If a CMHC Pool Eligible Loan is assigned to CMHC as part of a CMHC Program, no further monies may be advanced by us under any Loan Document so long as the CMHC Pool Eligible Loan is part of the CMHC Program.
- (d) **INSURED LOAN UNDER A MULTI-PURPOSE MORTGAGE - CMHC 975 Pool PROGRAM.** If a CMHC Pool Eligible Loan is sold, assigned, syndicated or securitized into a CMHC 975 Pool Program the following provisions shall apply:
- (i) Notwithstanding the provisions for additional or further advances contained herein, there is no right for additional advances or further advances of monies repaid on account of the CMHC Pool Eligible Loan and all monies applied in reduction of the Loan Amount thereof shall permanently reduce the balance owing under the CMHC Pool Eligible Loan;
 - (ii) Notwithstanding the provisions contained herein stating that the mortgage shall secure all amounts owing from time to time by you to us, the only additions to the amount secured under the CMHC Pool Eligible Loan shall be interest accruing but unpaid and any costs incurred by us and that are, under the provisions hereof, *The Mortgage Act*, *The Real Property Act* or any other law, ordinance or regulation, allowed to be added to the Loan Amount;
 - (iii) This mortgage shall stand as security only for the specific CMHC Pool Eligible Loan that has been sold, assigned, syndicated or securitized into a CMHC 975 Pool Program for as long as that Loan remains in a CMHC 975 Pool Program.

3.3 Right to Deal Freely with any Loan Secured by this Mortgage

Each of the Borrower, or Covenantor, if any, and any guarantor hereby acknowledges and agrees that, as provided herein, the Credit Union, at its option exercisable in its sole discretion, may insure or, in connection with the Credit Union obtaining any financing under a CMHC Program, deal with all or any part of the Loan Amount, including any loan and the related obligations, or any interest therein, without restriction and without notice to the Borrower, or Covenantor, if any, and any guarantor, or any other person, and that it has consented to such insurance being obtained and/or dealings and that no further



notice is required. Furthermore, with respect to any loan that is insured and/or financed under a CMHC Program, each of the Borrower, or Covenantor, if any and any guarantor hereby acknowledges and agrees that:

- (a) any new or additional advances, increases to principal, or further borrowings or extensions of the term, including, in the case of any fluctuating account or accounts, revolving loans, lines of credit, additional or further advances beyond an initial advance, re-advances, and multiple facilities made after the initial advance (each an "additional advance" and, collectively, "additional advances"), on such terms as notified to the Borrower from time to time, are only permitted on the condition that (i) each additional advance is a new loan, or (ii) all such additional advances are in the aggregate a new loan, and in each case of (i) or (ii), the new loan will be treated as a separate and distinct loan for all purposes including enforcement, made to the Borrower, whether or not same continue to be secured by the Mortgage securing the insured and/or financed loan, and each of the Borrower, any Covenantor and any other guarantor covenants and agrees to enter into such additional or new security documentation requested by the Credit Union to evidence the foregoing, including and without limitation a new commitment letter and a new charge;
- (b) any references or rights, in favour of the Credit Union or otherwise, with respect to any consolidation of any security, mortgages, loans, or property with respect to any loan that is insured and/or financed under a CMHC Program, are disclaimed by the Credit Union and not applicable, with the intent that the Mortgage securing only the loan(s) that are insured and/or financed under a CMHC Program be registered against the Land and the Land only secures the loan(s) that are insured and/or financed under a CMHC Program and no other indebtedness; and (c) any references or rights, in favour of the Credit Union or otherwise, with respect to any cross-collateralization or cross-default of any security, mortgages, loans, or property, or the granting of property as security for more than one loan, or more than one loan being secured by a single property, in cases where not all of such loans secured by the Mortgage are insured and/or financed under a CMHC Program, are disclaimed by the Credit Union and not applicable with respect to any loans that are not insured and/or financed under a CMHC Program, with the intent that the Mortgage securing only the loan(s) that are insured and/or financed under a CMHC Program shall be registered against the Land and the Land shall only secure the loan(s) that are insured and/or financed under a CMHC Program and no other indebtedness, provided, for the avoidance of doubt, that (i) any part of the Loan Amount in respect of any loan(s) (including, for the avoidance of doubt, without limitation, any costs and expenses with respect thereto) that is/are insured and/or financed by the Credit Union under a CMHC Program shall have priority as to payment, collection and in respect of Mortgage enforcement over any other loan made by the Credit Union to the Borrower from time to time pursuant to a Loan Document secured or to be secured by the Mortgage that is not insured and/or financed under a CMHC Program; (ii) in no event shall the Credit Union seek an order under any bankruptcy legislation or file or prove a claim in any bankruptcy proceeding or for the appointment of any trustee in bankruptcy in respect of the Borrower, any Covenantor or any other guarantor until after the date that the outstanding principal amount of all loans that are insured and/or financed under a CMHC Program are irrevocably discharged in full; and (iii) to the extent that all insurance proceeds and realization proceeds arising from or relating to enforcement of the Mortgage are insufficient to irrevocably discharge in full all of the Loan Amount, the deficiency in respect of any part of the Loan Amount other than the part(s) of the Loan Amount in respect of loans that are insured and/or financed under a CMHC Program shall be borne by the Credit Union and the Credit Union shall not pursue any judgment in respect of an amount that is greater than such deficiency.

3.4 Continuation Of Mortgage

The Mortgage and the security created by it will continue in spite of the repayment and readvancement of funds under the Mortgage from time to time until all monies owing to the Credit Union under this Mortgage and the Loan Documents, as applicable, have been fully paid, all other obligations are performed, and we deliver a discharge of mortgage to you. See sub-paragraph 3.6.

3.5 Assignment

The Mortgage and the debt secured by it may be assigned by us to any party without your consent. Assignment by us does not invalidate the Mortgage or entitle you to a discharge and it does not change the terms of the Mortgage.

You cannot assign your obligations under the Mortgage unless we have agreed to it in writing.

3.6 Discharge/Transfer

Upon full performance of all of your obligations under this Mortgage or the Loan Documents, as applicable, and payment of the Loan Amount, you are entitled to a discharge of the Mortgage or to a transfer of the Mortgage to a third party, if you so wish. You will give us reasonable time in which to prepare and sign the discharge or transfer, as the case may be, so long as we do so within 60 days of payment. You will pay our usual administrative fee for preparing, reviewing or signing the discharge or transfer and all legal and other expenses we incur in so doing so long as same do not exceed the amount specified in the Act. Upon payment of the discharge fee we will register the discharge at the land titles office.

4. INTEREST - FIXED RATE MORTGAGE

If this Mortgage is a Fixed Rate Mortgage, then the provisions of this paragraph 4 apply.

4.1 Fixed Interest Rate

The Interest Rate is a fixed rate per annum as stated in Box 5. The Interest Rate may be amended on the I.A.D. in Box 5 and will remain fixed for the term of the Mortgage until the Mortgage matures or is renewed on the Balance Due Date.

4.2 Equivalent Rate

Since the Calculation Period in Box 5 is semi-annually not in advance and due to our method of application of payments (whether weekly, bi-weekly, semi-monthly, monthly, quarterly or annually) firstly to interest and secondly to principal, the Equivalent Rate is used to calculate the interest. The Equivalent Rate at the time of signing this Mortgage is set out as such in Box 5 – Other Details and is available from the Credit Union during office hours.

5. INTEREST - VARIABLE RATE MORTGAGE OR CAPPED RATE MORTGAGE

If this Mortgage is a Variable Rate Mortgage or a Capped Rate Mortgage, then the provisions of this paragraph 5 apply.

5.1 Variable Interest Rate

The Interest Rate payable by you is a variable rate per annum, based on our Prime Rate as established and announced by us from time to time plus or minus the number of percentage points per annum stated in Box 5. Interest is payable and calculated weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually not in advance, as the case may be, and is payable on the Loan Amount both before and after demand, default and judgment until the Loan Amount has been fully paid. The Interest Rate actually payable by you will vary automatically without notice to you, each time there is a change in the Prime Rate. The Prime Rate and Interest Rate payable on the Loan Amount remain in effect until varied.

The Prime Rate described in Box 5 will be posted at all our branches at all times and the Interest Rate applicable to your Mortgage at any time, including the date when the Prime Rate changed can be ascertained by you by telephoning any of our branches during office hours, but if such rate is not at any time so posted, this will not change your obligation to pay interest at the Interest Rate you have agreed to pay.

Even if there is a contrary provision elsewhere in this Mortgage, if this is a Capped Rate Mortgage, the Capped Rate shall be used to calculate the interest payable by you under the Mortgage at all times (up to and including the Capped Rate Expiry Date) even if changes in the Prime Rate would result in the Interest Rate's exceeding the Capped Rate. Interest shall continue to be calculated at the Capped Rate until the Prime Rate changes so that the Interest Rate is again equal to or less than the Capped Rate. If this happens, interest shall once again be calculated on a variable basis as set out in this paragraph 5.1. From and after the Capped Rate Expiry Date, unless you and the Credit Union have negotiated a new capped rate and a new capped rate expiry date, interest shall be charged on a variable rate basis.

5.2 Convertibility

If you are not in default in making any payment required under the Mortgage or in default of any of your covenants or other obligations under the Mortgage, you may convert the terms of the Mortgage to those of a Fixed Rate Mortgage bearing such interest rate and containing such other terms and provisions as are made available by us to you at the time of conversion. You shall apply to us in order to exercise this right of conversion. You will be able to convert the Mortgage by selecting from the mortgage options that we have available at the time that you apply for conversion and you shall on request sign an amending agreement in a form acceptable to us which will contain all amended terms, covenants (including your obligations under the Mortgage), conditions and provisions of the Mortgage. The interest rate payable by you will be our current interest rate for the mortgage option selected by you, effective as of the date that you sign an amending agreement or other documents on which we agree. You agree to pay us any processing or administration fee in with the conversion, together with any accrued interest which may result from a change in the frequency of the regular mortgage payments to be also agree that you will pay all legal fees and disbursements incurred with respect to the conversion documentation and its registration.



Once the Mortgage has been converted, the prepayment privileges of the Mortgage will no longer apply and prepayment privileges, if any, will be contained in the conversion documentation.

5.3 Increases In Prime Rate

If at any time because of increases in the Interest Rate, the regular payment is no longer enough to maintain the agreed amortization period, you may be required to increase the amount of each regular payment under the Mortgage in order to maintain the remaining amortization period of the Mortgage.

If you are unable to do so, then, at our option, the Mortgage will immediately become due and payable.

6. INTEREST - MULTI-PURPOSE MORTGAGE

If this Mortgage is a Multi-Purpose Mortgage, then you will pay interest at the rate or rates as set out in the Loan Documents.

1; PAYMENT PROVISIONS

In the case of a Fixed Rate Mortgage, a Variable Rate Mortgage or a Capped Rate Mortgage, interest is payable from the date of advance of funds, both before and after the Balance Due Date, default and judgment, until the Loan Amount is fully paid. Interest is calculated on the Loan Amount and Other Charges (if any), not in advance, according to the calculation period set out in Box 5, and is paid together with payments on account of the Loan Amount, in installments as set out in Box 5, or as may be otherwise set out in Box 5 – Other Details.

In the case of a Multi-Purpose Mortgage, interest is payable as set out in the Loan Documents.

8. COMPOUND INTEREST

In the case of a Fixed Rate Mortgage, a Variable Rate Mortgage or a Capped Rate Mortgage, if any payment is not made on its due date, we may charge you interest on any overdue portion of the amount owing on the Mortgage (including any overdue interest) until paid. This is called compound interest. Such overdue amounts may be added to the Loan Amount and will bear interest at the Interest Rate, from the date of default until paid, both before and after the Balance Due Date, default and judgment. All such interest and compound interest shall be paid at intervals which are the same as your periodic payment dates set out in the Mortgage or in any agreement between us, and shall form part of the Loan Amount which is secured by the Mortgage.

In the case of a Multi-Purpose Mortgage, compound interest may be payable as set out in the Loan Documents.

9. DEFERRED INTEREST

If any payment made on your Mortgage is insufficient to pay all accrued interest, the unpaid amount of the accrued interest may be added to the Loan Amount and will thereafter be subject to compound interest as explained in paragraph 8. Such deferred interest and compound interest form part of the Loan Amount and are secured by the Mortgage.

10. INTEREST ON OTHER CHARGES

Any Other Charges incurred by us will be added to the Loan Amount and will bear interest at the Interest Rate, from the date on which they are incurred until paid, and will be subject to compound interest as explained in paragraph 8. Such charges, interest and compound interest form part of the Loan Amount and are secured by the Mortgage.

11. CALCULATION OF INTEREST COMPONENT OF PAYMENT

The interest rate payable may be either variable or fixed.

If a debt obligation secured by the Mortgage requires principal and interest payments which are payable in equal periodic installments, the amount of the interest and principal components of each mortgage payment will vary as the principal reduces and where applicable, the Interest Rate changes. The following provides details on how you may calculate the portion of each payment which will be first applied to the payment of interest and/or then in reduction of the principal.

Start with the principal that remained outstanding after your last payment ("Principal").

In the case of a Fixed Rate Mortgage, use the Equivalent Rate in effect during that time ("Rate").

In the case of a Variable Rate Mortgage, Capped Rate Mortgage or Multi-Purpose Mortgage, use the applicable Interest Rate ("Rate").

Determine the number of days in the payment period, including the date of the immediately preceding payment (or, in the case of the first payment, the I.A.D.) and excluding the date on which the next mortgage payment is being paid ("Days").

As the Interest Rate may be subject to fluctuations, determine, for each different Interest Rate chargeable during the payment period, the number of days on which such Interest Rate was chargeable. In order to determine the amount of interest which accrued on the Principal in the payment period for each Interest Rate, the calculation will have to be made for each period based on each applicable Interest Rate. Each of the interest components calculated must be added in order to determine the total amount of interest which accrued on the Principal during the period.

FORMULA

$$\text{Principal} \times \frac{\text{Rate}}{100} \times \text{Days} = \text{Interest Component of Payment}$$

*In leap years, the denominator used in this formula should be 366

If the balance outstanding under the Multi-Purpose Mortgage is owed pursuant to more than one Loan Document, you will have to make a separate calculation for each Loan Document.

If the payment exceeds the total amount of interest which accrued on the Principal during the period and there are no Other Charges, the balance of the payment is then applied in reduction of the Principal.

EXAMPLE The following example indicates how these calculations are carried out in practice. In this example, assume the following information:

the "Principal" owing after the immediately preceding regular mortgage payment - \$50,000.00,

"Rate" during the payment period - 9%,

the amount of the regular mortgage payment - \$413.99,

number of "Days" in the payment period e.g. January 1 to February 1 is a period of 31 days,

use the formula set out previously to determine the interest which accrued on the Principal during the period.

$$\begin{array}{r} \$50,000 \\ \times \\ \hline \end{array} \times \frac{9}{100} \times \frac{31}{365} = \$382.19$$

Apply the mortgage payment of \$413.99 first to payment of the total amount of interest which accrued on the Principal during the period - \$382.19. Subtracting the \$382.19 interest component from the \$413.99 payment results in a reduction of the Principal by \$31.80.

12. TERMS OF PAYMENT - FIXED RATE MORTGAGE, VARIABLE RATE MORTGAGE, CAPPED RATE MORTGAGE

If this Mortgage is a Fixed Rate Mortgage, a Variable Rate Mortgage or a Capped Rate Mortgage, the provisions of this paragraph 12 will apply.



12.1 Payment Of Interest To The Interest Adjustment Date (I.A.D.;

On the I.A.D. you will pay interest at the rate agreed by you on as much of the Mortgage Principal Amount as has been advanced, from the date of such advance to the I.A.D. We may require you to pay such interest in periodic installments beginning with the payment period following the first advance of Mortgage Principal Amount, until the I.A.D. We may also deduct, from any advance of the Mortgage Principal Amount, interest that will be due on the I.A.D.

12.2 Payments After The Interest Adjustment Date (I.A.D.)

If your Mortgage is a Fixed Rate Mortgage, after the I.A.D. you will make mortgage payments of principal and interest in the amounts, beginning on the First Payment Date, and ending on the Last Payment Date, all as set out in Box 5. The balance of the Loan Amount will be paid on the Balance Due Date;

If your Mortgage is a Variable Rate Mortgage or a Capped Rate Mortgage, after the I.A.D., you will make equal combined principal and interest payments, principal plus interest payments or interest only payments depending on the type of payment you choose. Where you have chosen to make equal combined principal and interest payments, the Amount of each payment, the Payment Frequency and the First Payment Date are all as set out in Box 5. Where you have chosen to make principal plus interest payments, the Amount of each payment applicable to principal, the Payment Frequency and the First Payment Date are all set out in Box 5, and for this type of payment, where the Prime Rate fluctuates up or down, and as the principal balance is reduced, the amount of your periodic payments for interest will be adjusted accordingly. If your Mortgage is Payable on Demand, where you have chosen to make interest only payments; the option "INTEREST ONLY PAYMENTS MUST BE MADE" must be chosen in Box 5 and the Payment Frequency and the First Payment Date will all be set out in Box 5 – Additional Provisions – Other and for this type of payment, where the Prime Rate fluctuates up or down, and as the principal balance may be reduced by any payments on account of principal which you choose to make and we accept, the amount of your periodic payment for interest will be adjusted accordingly. Provided that if you and the Credit Union have agreed that the indebtedness secured by this Mortgage is to be payable on an interest only prior to demand basis, but the said option "INTEREST ONLY PAYMENTS MUST BE MADE" was erroneously not chosen in Box 5, then the choice of "INTEREST ONLY PAYMENTS MUST BE MADE" will be deemed to have been made in Box 5.

12.3 Mortgage Payable On Demand

Your Mortgage is payable on demand, if this is indicated in Box 5 or if there is a written agreement between us that states that the Mortgage will be payable on demand. Even if the Mortgage Document sets out payment provisions over time, the Loan Amount is payable when we demand payment in writing. You will make payments as set out in Box 5, or as we may otherwise require, until we demand payment of the Loan Amount. It is entirely in our discretion as to whether we demand payment of the Loan Amount and we may so demand even if none of the events described in paragraph 12.6 has occurred.

12.4 Application Of Payments

All payments received on account of the Mortgage will be applied firstly to accrued interest, and secondly to reduction of the Loan Amount (including any amounts added to the Loan Amount by way of compound interest, Other Charges, or otherwise);

EXCEPT that if you are in default of any payment or obligation, we may apply payments in any manner we choose.

12.5 Payment On Sale Or Transfer

If you sell, convey or transfer your Land or agree to do so, to anyone without obtaining prior written approval from us, the Loan Amount shall, at our option, immediately become payable in full. If we accept payment from any person or persons whom we have not first approved in writing, this shall not mean that we have granted prior written approval nor that we have relinquished our right to require you to pay the Loan Amount in full. For the purposes of this provision, you will be treated as having sold, conveyed or transferred your Land where (i) ownership of your Land changes by operation of law (for example, if you are a natural person, if you die, or if you are a corporation, if your corporate existence ceases or if you amalgamate with one or more other corporations) and (ii) you are a corporation and there is a change in the ownership of your issued shares such that voting control changes hands (voting control meaning the right to exercise more than 50% of all of the voting rights attaching to your issued share capital).

You shall provide us with sufficient written information to enable us to determine whether we should give our written approval and we shall, upon receipt of sufficient information, make our determination in a timely manner. Prior written approval by us shall not be unreasonably withheld.

If we approve of the transfer of your Land to a new owner or owners, one of our requirements for giving our approval may be that the new owner(s) sign an agreement to be bound by the terms of the Mortgage, in a form and content acceptable to us.

If we are entitled to exercise our option to accelerate repayment in full of the Loan Amount, we will not be taken to have done so unless we confirm this to you in writing. If we so exercise that option, we can do so without considering you to be in default and thereby require you (and/or your transferee) to repay the Loan Amount in full together with a prepayment penalty as outlined in paragraph 12.7(c).

12.6 Demand/Acceleration Of Repayment

Notwithstanding the provisions of Box 5, and in addition to our right to demand payment of the Loan Amount, where the words "NOT PAYABLE PRIOR TO DEMAND" do NOT appear in Box 5 – Additional Provisions – Other, at our option (we are not to be taken to have exercised this option unless we confirm same to you in writing), the Loan Amount will become immediately due and payable as if the term of your Mortgage had expired, in any of the following events:

- (a) you default in making any payment or in performing any obligation required by the Mortgage;
- (b) we discover that any statement or promise you made in your loan application or the Mortgage is untrue or inaccurate or cannot be performed; or that you have used mortgage proceeds for a purpose other than is shown on your loan application;
- (c) we have reason to believe that you have abandoned the Land;
- (d) we receive notice of, or there is registered, any assignment for the general benefit of creditors, tax sale proceeding, work order, debt review proceeding or mediation, undefended statement of claim, builder's lien, agreement for sale, notice of security interest, judgment or other lien, proceeding or encumbrance affecting you or the Land which, in our sole opinion, could affect the priority of our Mortgage or your ability to fulfill your obligations under it;
- (e) if at any time, during the course of construction prior to the I.A.D., we are not satisfied with the progress or the quality of construction where our Mortgage is securing progressive advances under a construction project;
- (f) we believe that the security of our position is threatened in any way;
- (g) you die or otherwise cease to exist;
- (h) there occurs any other event or occurrence which is stated or described to be an event or occurrence of default in any existing or future agreement or other writing between us pertaining to any of the indebtedness secured by this Mortgage;
- (i) where you are in default under any other security held by us at any time to secure your obligations secured by this Mortgage, in whole or in part;
- (j) where you are in default of your obligations under any other encumbrance, claim or other interest which charges the Land and which holds priority against the Land ahead of the priority of the security of this Mortgage;
- (k) if we lose the benefit of any other security at any time held by us to secure, in whole or in part, your obligations secured by this Mortgage (except where we release the same by written release or discharge), including the benefit of any guarantee, covenant or indemnity obligation of any person or persons.

12.7 Prepayment Provisions

Your rights, if any, to prepay the balance outstanding under this Mortgage may be set forth in Box 5 - Additional Provisions - Prepayment terms - Details by setting out either a word or words describing the type of prepayment rights as set forth below or by setting out in detail the prepayment rights. These rights may be amended by any future renewals, amendments or extensions to this Mortgage. If no prepayment rights are described or provided for in the Mortgage Document, the Mortgage will be deemed to specify "Closed".



(a) Prepayment Types

The following words describing the types of prepayment rights shall have the following meanings:

- (i) "Open" means that you have the right at any time to prepay the whole or any portion of the balance outstanding under this Mortgage without giving any prior notice of prepayment to the Credit Union and without having to pay to the Credit Union any additional fee or penalty for this right.
- (ii) "Closed" means that you may not make any payments to the Credit Union before the dates that they are due.
- (iii) "Closed with Annual Payment" followed by a figure and a percentage sign (%) means that once in each twelve month period starting on the Interest Adjustment Date ("I.A.D.") or the anniversary of that date, you have the right without notice or penalty to prepay an amount not exceeding the specified percentage of the Mortgage Principal Amount.

(b) Limited Prepayment Rights

If your Mortgage is Closed with Annual Payment, you have the right, once in each twelve month period starting on the I.A.D., or the anniversary of that date, to pay an amount up to the percentage of the Mortgage Principal Amount as specified in Box 5 - Additional Provisions - Prepayment terms - Details. If you do not fully exercise this right in any twelve month period, you will not be able to carry this right forward to any future twelve month period. This right is not available at all where you are prepaying more than the percentage of the Mortgage Principal Amount as specified in Box 5 Additional Provisions - Prepayment terms - Details. In the event that you do make a prepayment, your regular loan payment shall continue to be due and payable in the same amount during the term of the Mortgage until maturity of the Mortgage, until we make demand or until the monies hereby secured have been repaid in full, whichever is the first to occur.

A prepayment penalty, in the amount set out in 12.7(c) is payable on the entire amount paid where you prepay more than the percentage of the Mortgage Principal Amount specified in Box 5.

(c) Prepayment Penalty

At the Credit Union's discretion, the amount to be charged as a prepayment penalty will be the greater of:

- (i) three months' interest at your Interest Rate calculated on the amount prepaid by you if the Land hereby secured is an owner occupied residence, or
- (ii) six months' interest at your Interest Rate calculated on the amount prepaid by you if the Land hereby secured is other than an owner occupied residence, or
- (iii) an interest differential payment. The interest differential payment will be an amount arrived at by calculating interest for the remaining term of the Mortgage on the amount prepaid at a rate equal to the difference between your Interest Rate and the rate charged by the Credit Union as at the date of prepayment for a mortgage similar to yours. A mortgage similar to yours has a term that is closest to the remaining term of your Mortgage.

The prepayment provisions in this paragraph 12.7 are not intended to be exhaustive and different prepayment rights may be set forth in the Mortgage or an amending agreement. In any event, if your Mortgage has a term of more than five years and you are not a corporation, you may prepay the outstanding balance of principal and interest at any time after the fifth anniversary of the I.A.D. In this case, you will be charged a prepayment penalty as set out in paragraph 12.7 (c) (i).

12.8 Loan Repayable On Different Terms

If a loan secured by this Mortgage is repayable other than over time by way of equal payments made at equal intervals, where the payments are allocated first to accrued interest and then to the balance of the loan then outstanding, then:

- (a) the payment and repayment terms for such loan (the "Actual Loan Payment Terms") shall be set forth in Box 5; and
- (b) those definitions and terms of payment and repayment contained in paragraphs 2 to 13, both inclusive, of these SCMT which are inconsistent with or which conflict with the Actual Loan Payment Terms shall be inapplicable and shall be and be deemed to be deleted from these SCMT.

13. TERMS OF PAYMENT - MULTI-PURPOSE MORTGAGE

If this Mortgage is a Multi-Purpose Mortgage, the provisions of this paragraph 13 will apply.

13.1 Terms Of Repayment

The Loan Documents will contain particulars of the interest rate or rates applicable and the terms and conditions of payment of principal and interest. Notwithstanding the terms of payment set out in the Loan Documents, at our option, the Loan Amount will become immediately due and payable, as if your Multi-Purpose Mortgage had expired, in any of the following events:

- (a) you default in making any payment or in performing any obligation required by any of the Loan Documents or by the Multi-Purpose Mortgage;
- (b) we discover that any statement or promise you made in your loan application or the Multi-Purpose Mortgage is untrue or inaccurate or cannot be performed; or that you have used proceeds for a purpose other than is shown on your loan application;
- (c) we have reason to believe that you have abandoned the Land;
- (d) we receive notice of, or there is registered, any assignment for the general benefit of creditors, tax sale proceeding, work order, debt review proceeding or mediation, undefended statement of claim, builder's lien, agreement for sale, notice of security interest, judgment or other lien, proceeding or encumbrance affecting you or the Land which, in our sole opinion, could affect the priority of our Multi-Purpose Mortgage or your ability to fulfill your obligations under it;
- (e) if at any time, during the course of construction, we are not satisfied with the progress or the quality of construction where our Mortgage is securing progressive advances under a construction project;
- (f) we believe that the security of our position is threatened in any way;
- (g) you die or otherwise cease to exist;
- (h) there occurs any other event or occurrence which is stated or described to be an event or occurrence of default in any existing or future agreement or other writing between us pertaining to any of the indebtedness secured by this Multi-Purpose Mortgage;
- (i) where you are in default under any other security held by us at any time to secure your obligations secured by this Multi-Purpose Mortgage, in whole or in part;
- (j) where you are in default of your obligations under any other encumbrance, claim or other interest which charges the Land and which holds priority against the Land ahead of the priority of the security of this Multi-Purpose Mortgage;
- (k) if we lose the benefit of any other security at any time held by us to secure, in whole or in part, your obligations secured by this Multi-Purpose Mortgage (except where we release the same by written release or discharge), including the benefit of any guarantee, covenant or indemnity obligation of any person or persons.

13.2 Payment On Sale Or Transfer

If you sell, convey or transfer your Land or agree to do so to anyone without obtaining prior written approval from us, the Loan Amount shall, at our option, immediately become payable in full. If we accept payment from any person or persons whom we have not first approved in writing, this shall not mean that we have granted prior written approval nor that we have relinquished our right to require you to pay the Loan Amount in full. For the purposes of this provision, you will be treated as having sold, conveyed or transferred your Land where (i) ownership of your Land changes by operation of law (for example, if you are a natural person, if you die, or if you are a corporation, if your corporate existence ceases or if you amalgamate with one or more other



corporations) and (ii) you are a corporation and there is a change in the ownership of your issued shares such that voting control changes hands (voting control meaning the right to exercise more than 50% of all of the voting rights attaching to your issued share capital).

You shall provide us with sufficient written information to enable us to determine whether we should give our written approval and we shall, upon receipt of sufficient information, make our determination in a timely manner. Prior written approval by us shall not be unreasonably withheld.

If we approve of the transfer of your Land to a new owner or owners, one of our requirements for giving our approval may be that the new owner(s) sign such agreements confirming indebtedness to us, in a form and content acceptable to us.

If we are entitled to exercise our option to accelerate repayment in full of the Loan *Amount*, we will not be taken to have done so unless we confirm this to you in writing. If we so exercise that option, we can do so without considering you to be in default and thereby require you (and/or your transferee) to repay the Loan Amount in full together with a prepayment penalty as outlined in paragraph 13.3.

13.3 Prepayment Provisions

Your rights, if any, to prepay the balance outstanding on any of your obligations secured by this Multi-Purpose Mortgage may be contained in one or more of the Loan Documents. If any part of the Loan Amount is advanced pursuant to a line of credit agreement, you may pay all or any part of that portion of the Loan Amount at any time, without notice, or penalty.

13.4 Loan Amount Exceeding Mortgage Principal Amount

If the Loan Amount should at any time or from time to time be greater than the Mortgage Principal Amount set out in Box 5 of the Mortgage Document, and because of an applicable law, part of the Loan Amount is not secured by this Mortgage, or is partially secured, we may, at any time and from time to time, decide what portion of the Loan Amount shall be so secured by the Mortgage, and which portion shall not be secured. Nothing in the Mortgage shall prejudice or otherwise affect in any way any right we may have, independent of the Mortgage, to enforce payment of any amount now or later owing to us (whether under the Loan Documents or otherwise) by you or any other person. Any payment made by you to us (whether under the Mortgage or the Loan Documents or otherwise and whether before or after demand, default or judgment) and any amount realized by us from any security (including the Mortgage) may be applied to such part or parts of the Loan Amount or to any other amount payable under the Mortgage as we, in our sole discretion, may determine, whether or not you request a different application. The foregoing provisions are subject to sub-paragraph 3.3.

14. YOUR COVENANTS AND PROMISES TO US

You specifically covenant, promise and agree with us that:

14.1 Application

Every statement made by you to us, including statements made in your loan application, if any, is true, correct and accurate and you will perform all of your obligations in any loan application signed by you. The terms of your loan application, if any, are incorporated into the Mortgage, but where there is a conflict between the terms of the commitment letter, if any, or any other Loan Document, and the Mortgage, the terms of the Mortgage shall prevail.

14.2 Title

(a) Freehold Title

If you are or are entitled to be an owner in fee simple of or with an absolute title to the Land, you certify, covenant and agree with us that:

- (i) you will pay the Loan Amount as required by the Mortgage or any Loan Documents, will pay Taxes assessed against the Land and will comply with all other obligations of the Mortgage or any Loan Documents;
- (ii) you are or are entitled to be the lawful owner of the Land;
- (iii) you have the right to give us the Mortgage;
- (iv) there are no encumbrances or other claims or interests affecting title to the Land, except those to which we have given our prior written consent;
- (v) there are no limitations affecting title to the Land except for any restrictions registered in the land titles office and except for building and zoning by-laws, all of which we have approved of in writing, with all of which you and the Land have complied;
- (vi) you will insure the buildings on the Land as required by paragraph 14.7;
- (vii) you will, at your expense, sign any other document or take any further action as we may in our sole opinion think necessary to ensure that all your interest in the Land has been fully charged to us, and that the Loan Amount is, in our sole opinion, adequately secured;
- (viii) if you default in any of your obligations under the Mortgage or any Loan Documents, we shall have quiet possession of the Land, free from all encumbrances;
- (ix) you will defend your title to the Land and will not in any way interfere with our interest in the Land.

(b) Leasehold Title

If you are or are entitled to be a tenant or lessee, under a lease, of the Land, in addition to any other provisions contained in this Mortgage, you certify, covenant and agree with us that

- (i) you will pay the Loan Amount as required by the Mortgage or any Loan Documents, will pay Taxes assessed against your interest in the Land (and will cause your lessor to pay Taxes assessed against the lessor's interest in the Land), and will comply with all other obligations of the Mortgage or any Loan Documents;
- (ii) the Land is leased to you (or you are entitled to have the Land leased to you) under a valid lease, a true copy of which you have given us and that you have (or you are entitled to have) good leasehold title to the Land;
- (iii) all rents and other monies payable under the lease have been paid and there are no unremedied defaults (no matter when or by whom committed) outstanding under the lease, in both cases up to the date you sign the Mortgage Document;
- (iv) you have the consent of your landlord or lessor, or you have the right without your landlord or lessor's consent, to charge your interest in the lease to us in either case, either without conditions or requirements of your landlord or lessor, or, upon conditions and requirements which we have approved of in writing;
- (v) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with all of which you and your landlord have complied. There are no encumbrances or other claims or interests affecting title to your interest in the Land, except those to which we have given our prior written consent;
- (vi) you will pay rents and other payments required by the lease as they fall due;
- (vii) you will comply with all your other obligations set out in the lease;
- (viii) you will not surrender the lease or cause it to be terminated;
- (ix) you will not make any change in the lease without first obtaining our written consent;
- (x) you will promptly give us a true copy of any notice, demand or request which you may receive relating to the lease;
- (xi) you will, at your expense, sign any other document or take any further action as we may think necessary in our sole opinion to ensure that all your interest in the Land and in the lease has been fully charged to us, and that the Loan Amount is, in our sole opinion, adequately secured;
- (xii) if you default in any of your obligations under the Mortgage or any Loan Documents, we shall have quiet possession of the Land, free from all encumbrances;



- (xiii) you will defend your title to the Land, will not in any way interfere with our interest in the Land and will indemnify us against all actions, claims, costs and demands should you default under your lease and all amounts you may owe us at any time by virtue of your indemnification will be added to the Loan Amount and will be secured by the security of this Mortgage, and, this indemnity will survive any discharge of the Mortgage;
- (xiv) notwithstanding anything contained in or implied from any terms in the Mortgage, it is understood and agreed that the mortgage charge created by this Mortgage will not apply to the last day of the term of your lease, or to the last day of any renewal or extension term thereof, and you will hold the Land for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph as you already enjoy under other provisions of the Mortgage and at law. You will, when requested by us, obtain written assurances and undertakings from your lessor and all persons holding mortgages or other encumbrances, claims or interests in your lessor's interest in the Land which will protect us against any exercise of any of the rights, claims or interests of such other persons, the same to be at your cost and to be upon such terms as we deem necessary, acting reasonably;
- (xv) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the Mortgage, then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the Land and for that person's Successors;
- (xvi) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the Land as we may require to perfect any sale we may make;
- (xvii) if you acquire the freehold estate or interest in the Land prior to the discharge of the Mortgage, you will, on our request and at your cost and expense, provide us with a mortgage of such estate or interest, on terms substantially the same as those contained in the Mortgage;
- (xviii) you will from time to time, when we ask you to do this, provide to us at your cost, written statements from your lessor advising as to the status of the lease.

14.3 Further Encumbrances

You will not without our prior written consent create or allow to be created any other mortgage, charge, lien, claim, interest or encumbrance over the Land. This prohibition applies to any mortgage, charge, lien, claim, interest or encumbrance which is or may be registered against the title to the Land or which is valid without being registered against such title, and it applies to those which you may create by intentional act and those which arise by operation of law or under statute.

14.4 Use Of Loan

The loan proceeds will be used only for the purposes stated in the loan application and approved by us.

14.5 Covenant To Pay

You promise to pay the Loan Amount secured by and payable under the Mortgage or Loan Documents, as and when required by the Mortgage or Loan Documents, without any deduction or set-off.

14.6 Taxes, Etc.

You will promptly pay all Taxes, liens, charges, encumbrances and other claims which may have or may acquire a priority over the Mortgage, and provide us with evidence of payment on request.

- (a) In addition to any other rights we may have, we may deduct from any advance of the Mortgage Principal Amount an amount sufficient to pay such Taxes or Charges, and pay them directly, or we may pay them and add them to the Loan Amount.
- (b) We may at any time require you to pay, either with your payments set out in Box 5 or at any other times we determine, such additional amounts as we think necessary to provide a fund sufficient to pay Taxes as they fall due (the "tax fund"). Such additional amounts will be determined by our estimate of the amount of Taxes and the number of payments to be made before Taxes are due.
- (c) If we require such a tax fund:
 - (i) we do not have to hold it in trust, or pay interest on it, or apply it to Taxes more than once a year;
 - (ii) we can apply it to remedy any default, or to any part of the Loan Amount if you are in default of any obligation;
 - (iii) if the Taxes charged in any year exceed the tax fund, you will immediately pay us the shortfall. If you do not, we may leave that portion of Taxes unpaid, or we may pay it directly and add it to the Loan Amount;
 - (iv) you will send us all tax bills or other notices relating to Taxes as soon as you receive them;
 - (v) if you wish to obtain any discount for early payment of Taxes, or to avoid any penalties, you will pay us any additional amounts necessary to do so.

14.7 Insurance

You will immediately insure and keep insured all buildings, structures, fixtures and improvements on the Land for not less than their full insurable replacement value until the Mortgage is discharged. You must insure against loss or damage by fire, with standard extended perils coverage, and such additional perils, risks or events as we may require at any time.

If our loan approval so requires, you must also place and maintain crop or hail insurance, or both, in any or all crops grown on the Land, for their full-insurable value or to the extent required by us. If our loan approval so requires, you must also place and maintain such other kinds of insurance as may be specified in the approval.

If a steam boiler, pressure vessel, oil or gas burner, stoker, sprinkler system or other comparable apparatus is operated on the Land, you must so insure against loss or damage caused by such device.

All insurance policies must be carried with an insurer or insurers acceptable to us. They must contain standard mortgage clauses approved by the Insurance Bureau of Canada or by us, under which loss proceeds are payable first to us, or as our interest may appear, and we shall have the right to receive and to have a lien on such loss proceeds. If we become the owner of the Land by virtue of the Mortgage, then notwithstanding that all indebtedness secured by the Mortgage will or may have been extinguished, all your right and interest in all insurance applicable to the Land then in effect will pass to us and become our property.

All such policies shall contain an undertaking by the insurers to notify us in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination of the policy. If you do not take out or you fail to keep in force any such insurance, or if any such insurance is not approved by us, and if you do not rectify the situation within ten (10) days after written notice from us to you, we have the right, without assuming any obligation in connection to do so, to arrange for insurance at your sole cost and expense. If we are obligated to pay any premiums or sums of money for insurance for the Land or any part thereof the amount of such payment shall be added to the debt secured by the Mortgage and shall bear interest at the same rate applicable to principal as set out in the Mortgage from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt.

You must, on our request, provide us with a certified copy of each such policy, and with evidence of its renewal before its expiry date. We may, but are not obliged to, place and pay for any insurance policy which we think necessary to protect our interest. The cost we incur in doing so will form part of Other Charges.

If loss or damage occurs, you will immediately and at your expense, furnish all necessary proofs and do everything necessary to enable us to obtain the insurance proceeds. You hereby authorize us to act in your place (which we are not obliged to do) and to take all such steps in order to cause the insurance proceeds to be payable to us.

Insurance proceeds received by us may be at our sole option and in our sole discretion be:



- (a) applied to repair or rebuild your property; or
- (b) applied to reduce any part of the Loan Amount as we determine in our sole discretion; whether due or not, and if we choose to apply insurance loss proceeds to repay the full balance of any loan secured by this Mortgage, we shall also be entitled to collect from you (and to pay ourselves out of such loss proceeds) a prepayment penalty referred to in paragraph 12.7 or paragraph 13.3;
- (c) paid to you; or
- (d) paid on account of any other mortgage, charge, encumbrance, lien, claim or other interest applicable to the Land; or
- (e) applied partly in two or more of the foregoing ways.

14.8 Vacancy, Waste

You will not allow the Land to become or remain vacant or abandoned, and you will not commit or allow any act of waste or any other act or thing which in our opinion could decrease the value of the Land. You will also comply with all municipal, provincial and federal laws, rules, regulations and requirements applicable to the Land or any portion or portions thereof, including, without limitation, those dealing with environmental protection, zoning, health, fire prevention, and, building, electrical and plumbing codes. You agree to indemnify us against all liability, loss, cost and expense incurred by us as a result of your failing to comply with this paragraph. All amounts which you may owe us at any time by virtue of your indemnification will be added to the Loan Amount and will be secured by the security of this Mortgage. Your indemnification will survive any discharge of this Mortgage.

14.9 Hazardous Substances

(a) Definition

Reference herein to "Hazardous Substances" means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:

- (i) radioactive materials;
- (ii) explosives;
- (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to use by people or by any animal, fish or plant;
- (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted by air, would create or contribute to the creation of a condition of air that:
 - (I) endangers the health, safety or welfare of persons or the health of animal life; or
 - (II) causes interference with normal enjoyment of life or property; or
 - (III) causes damage to plant life or to property;
- (v) the substances including, without restriction; urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls;
- (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or put into force by any governmental authority having jurisdiction over you, the Credit Union or the Land; and
- (vii) substances which we, acting reasonably, determine to be hazardous or toxic.

(b) Representation

Nither you, nor, to your best knowledge, any other person has ever caused or permitted any Hazardous Substance to be placed, held, located or disposed of on, under or at the Land, save and except as disclosed to us in writing.

(c) Covenants

You hereby covenant and agree with us as follows:

- (i) you shall not allow any Hazardous Substance to be placed, held, located or disposed of on, under or at the Land without prior written consent;
- (ii) you shall not allow the Land to be used in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting tile disposal and emission of Hazardous Substances;
- (iii) to the extent that Hazardous Substances are, with our consent, placed, held, located or disposed of on, under or at the Land in accordance with the terms hereof, you shall:
 - (I) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances; and
 - (II) at our request, provide evidence to us of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as we may reasonably require, all at your expense;
- (iv) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located on, under or at the Land, you shall:
 - (I) cause the storage tanks to be maintained and repaired in a manner satisfactory to us, and if you decide to remove any such tanks, or government authorities with jurisdiction require you to remove them, you will remove them in accordance with the requirements of applicable law and provide us with evidence of such compliance by you; and
 - (II) at our request, obtain assignments of any warranties or guarantees received from the manufacturer or installer of such storage tanks in our favour as additional security.

(d) Indemnity

You hereby indemnify and save us and our Successors harmless from and against any and all losses, liabilities, damages, costs and expenses of any kind whatsoever including, without limitation:

- (i) the costs of defending, counter-claiming or claiming over against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and client basis and at all court levels;
- (ii) any cost, liability or damage arising out of a settlement of any action entered into by us with or without your consent; and
- (iii) the costs of repairs, clean-up or restoration paid by us and any fines levied against us;

which at any time or from time to time may be paid, incurred or asserted against us, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Land either into the atmosphere or into any water or onto any lands (including the Land). This indemnification shall survive the satisfaction, release or enforcement of this Mortgage or security collateral hereto and the full repayment of the Loan Amount thereon at the Interest Rate, together with all other monies secured by this Mortgage, including without restriction, any Other Charges made or incurred by us hereunder.

14.10 Repair

You will maintain the Land at all times and keep it in good condition and repair. If you do not, we can perform any maintenance, repairs or improvements we think necessary, and add the costs to the Loan Amount. Any repairs or improvements form part of our security. Before commencing any improvements, or before making any additions, you will first obtain our Written consent therefor, and you agree that prior to our giving such consent we may require that you engage or promise to engage competent architects, engineers, designers, contractors and tradespersons.



1411 Quiet Possession On Default

If you default in any of your obligations under the Mortgage or any Loan Documents, we will have quiet possession of the Land free from all encumbrances, claims or other interests, excepting only for those to which we have agreed in writing to subordinate our Mortgage. We may, by notice to you, require you to vacate the Land and remove all of your belongings from it.

1412 Other Obligations And Agreements

You will comply with every other covenant, promise and agreement you have made to us, or which you may hereafter make to us, as if every one were set out as a specific covenant in this paragraph 14.

1413 Further Assurances

You will at your expense give further security, sign any other document, and do anything further which we think necessary to ensure that your interest in the Land is fully mortgaged to us, and that the Loan Amount is adequately secured.

1414 Default

You acknowledge the terms and conditions of any commitment letter (and any amendments thereto, any reference to the "commitment letter" in the Mortgage to mean the commitment letter as originally signed and all amendments which may be made from time to time) relating to this Mortgage and that such terms and conditions are included in and incorporated by reference in the terms hereof and shall not merge in this Mortgage, and that default hereunder or under the commitment letter will constitute default herein and vice versa; provided that in the event of any conflict between the provisions of any commitment letter and this Mortgage, the terms of this Mortgage shall govern. If you default on the terms of any prior encumbrance or any other loan or mortgage with us, we may consider you in default under this Mortgage. If you default under this Mortgage, we may consider you in default of any other loan or mortgage with us. The foregoing provisions are subject to subparagraph 3.3.

1415 No Change of Use

As long as the Mortgage remains undischarged, you will not change or permit any change in the use of the Land (even if the same is permitted by applicable law) from the use which has been approved of by us, and you will not request or support any rezoning or other change regarding usage of the Land without obtaining our prior written consent.

1416 Inspections

We, CMHC in any capacity, any mortgage default insurer and any authorized representative or agent of the foregoing, may, at any time, before and after default, and for any purpose deemed necessary by us, CMHC in any capacity or any mortgage default insurer, enter upon the Land to inspect the Land and all buildings thereon. Without in any way limiting the generality of the foregoing, we, CMHC in any capacity and any mortgage default insurer (or their agents) may enter upon the Land to conduct any environmental testing, site assessment, investigation or study deemed necessary by us, CMHC in any capacity or any mortgage default insurer and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by you forthwith and shall be a mortgage upon the Land. The exercise of any of the powers enumerated in this clause shall not deem the Credit Union, CMHC, or other mortgage default insurer or their respective agents to be in possession, management or control of the Land.

1417 Other Claims or Liens

You will not allow any builders' lien to remain undischarged on the title to the Land for more than 30 days unless:

- (a) you diligently dispute the validity of the lien by taking all necessary steps to do so;
- (b) you provide us satisfactory security to pay the lien and all legal costs in full on a full indemnification basis;
- (c) you authorize us to use such security to pay out and discharge the lien and all legal costs incurred by us and by a valid lien claimant.

If any lien, security interest or other charge affects the Land and we deem it necessary to protect our interests under this Mortgage, we may pay the amounts of such lien, security interest or charge and all amounts so paid shall be added to the Loan Amount and shall be payable by you.

1418 Construction and Construction Advances

If funds are advanced to you for the purpose of paying for any construction, renovation or addition to any buildings on the Land, the following provisions apply:

- (a) we may make advances, in our discretion, based on the progress of construction. We will decide when and how much money to advance, taking into account the state of completion of the construction, renovation or addition and the cost of completion;
- (b) we may withhold funds from any advance to ensure compliance with *The Builders' Uens Act*;
- (c) If this is a construction mortgage, we may require that accrued interest on progress advances from the date of those advances be paid periodically. We may deduct accrued interest from the principal amount of any advance. If the Mortgage Principal Amount is not fully advanced by the I.A.D., the I.A.D. will be changed to be the date of the final advance. The Last Payment Date and Balance Due Date shall also be changed. If the Loan Documents do not set out an I.A.D., the I.A.D. shall be deemed to be the date of the final advance.

1419 Foreign Resident

If you are a resident for tax purposes of a country other than Canada and your country of residence charges a withholding tax on the interest portion of your payment to us, you will pay the amount withheld to us in order that we may receive the full amount of your interest payment free of such withholding tax. You are solely responsible for paying any and all withholding taxes and will provide proof of payment to us upon request. Any withholding tax deducted from payments owing to us, that we are required to pay or that we choose to pay on your behalf shall be added to the Loan Amount.

1420 Renting the Land (Mortgages of Single Family Residences only)

Unless you advised us that the Land was not going to be occupied by you as your home and that you intended to rent it to a tenant, you will at all times during the Term occupy the Land as your home. You may only rent the Land with our consent, which may, at our option, be withheld. Any and all costs incurred by us, including the cost of dealing with a tenant to obtain vacant possession of the Land in the event of a sale of the Land as a result of your default under this Mortgage, shall be added to the Loan Amount.

1421 New Home Warranty

If a warranty under *The New Home Warranty Act* applies to a building on the Land, you will comply with all requirements to maintain the validity of such warranty. Any costs paid by us to comply with or enforce your rights under the warranty will be added to the Loan Amount.

1422 Deposit Account for Payments

You will keep and maintain a deposit account at a Canadian financial institution and you will authorize us to withdraw from that account automatically for each payment when it is due. You will keep enough money in the account to ensure that each payment can be made when due. You will not cancel the authorization to make automatic withdrawals or close the account without our consent. If your financial institution, for any reason such as insufficient funds or the closure of the account, refuses the pre-authorized withdrawal, you will be charged by us for any fee charged by your financial institution.

15. PROTECTING OUR INTERESTS

We have the right to do anything which we feel necessary to protect our interests in the Land and to secure payment of the Loan Amount. This may include, but not be restricted to, such things as:

- (a) paying Taxes, liens or encumbrances;
- (b) entering, inspecting, surveying or appraising the Land. Entry by us shall not make us a mortgagee in possession or responsible for the obligations of a mortgagee in possession and we may do any of these things both before and after any default by you under this Mortgage;
- (c) managing, caretaking, or leasing the Land and collecting the rents and profits;



- (d) insuring the Land or crops;
- (e) repairing, maintaining or improving the Land, or finishing any uncompleted structure;
- (f) working, breaking, summerfallowing, controlling weeds, harvesting or otherwise farming the Land;
- (g) fulfilling any of your obligations or agreements expressed or implied in the Mortgage, which you have failed to fulfill;
- (h) doing any other thing which in our sole opinion is necessary to preserve the value of the Land, perfect the Mortgage or collect the Loan Amount.

These things may be done without notice or your consent, and at your expense. For these purposes, we and our agents may enter on the Land at all reasonable times without interference from you. While you agree that we have the rights described in this paragraph 15, you also agree that we are under no obligation to exercise any of those rights, and that if we do exercise them, you will have no claim against us by reason of anything which we did (or omitted to do) in exercising any of such rights.

16. OTHER CHARGES

All costs which we customarily charge, or may pay or be liable to pay will be deemed to be Other Charges and shall be paid by you as such. They may include, but are not limited to:

- (a) costs incurred in placing or perfecting the Mortgage security, including survey and legal costs;
- (b) our service charges and processing fees payable on application, appraisal, renewal, extension, amendment, transfer, discharge, prepayment, preparation of assumption statements, life or disability insurance premiums, or any other service charge announced by us at any time;
- (c) all costs of doing anything we are entitled to do under the Mortgage, including those things listed in the previous paragraph 15;
- (d) all costs of enforcing our rights and remedies under the Mortgage, and of any proceedings to take possession of, lease, manage or foreclose the Land, appoint a receiver or do anything else we are entitled to do;
- (e) all costs incurred by us as a secured creditor under the *Bankruptcy and Insolvency Act* (Canada); particularly, those costs imposed upon us due to proposals and the stay provisions of that act.

In all cases, such costs include our legal fees on a lawyer-client basis, and a reasonable allowance for the time and service of our employees and all the expenses of professionals and consultants incurred by us under the *Bankruptcy and Insolvency Act* (Canada).

These Other Charges are added to the Loan Amount and bear interest from the date they are paid by us. They are part of the Loan Amount, secured by the Mortgage and are a charge upon the Land. They are payable immediately upon being paid by us. When we pay any such charge, we stand in the legal position of the creditor so paid.

17. OUR REMEDIES ON DEFAULT

If you default in any payment or other obligation under this Mortgage or the Loan Documents, we may take any one or more of the following remedies as permitted by law:

17.1 Sue

We may demand payment of the Loan Amount and sue you for it.

17.2 Take Possession And Lease

If you default in making any payment of the Loan Amount for one month, we can take possession of the Land and lease it on such terms and for whatever period we may decide upon to any maximum period allowed by law. We may also lease the Land or any portion or portions thereof without taking possession thereof.

17.3 Collect Rents And Profits

We may collect the rents and profits from the Land, and if they are not sufficient to pay the Loan Amount, you will owe us the deficiency.

17.4 Distrain

Except where the Land is residential premises, we may enter and seize goods on your Land, and sell them to recover the unpaid balance of the Loan Amount. You expressly waive any defect or irregularity with respect to such seizure.

17.5 Sell

If your default continues for thirty days, we may on notice to you as required by the Act or a court, sell all or any part or any parts of the Land. Any sale can be for cash, credit, or part cash and part credit, by public auction or private contract, and for such price as we can obtain. We are not accountable for sale proceeds until we actually receive them. If net sale proceeds are not sufficient to pay the Loan Amount, you will owe us the deficiency. No lack of notice or irregularity invalidates the sale, and if you or anyone claiming under or through you has any claim arising by virtue of the sale, that claim will be asserted against us alone, and in any event will not be asserted against the Land or anyone who purchases the Land (or any portion or portions thereof) from us, and those claiming under and through any such purchaser.

17.6 Foreclosure

If the Land is not sold after we obtain an order for sale, we can foreclose. If we obtain a final order of foreclosure, the Land belongs to us.

17.7 Appoint Receiver

If you are in default in the observance or performance of any of the terms, conditions, covenants or payments described herein or in any additional security given by you to us then we can, in writing, appoint any person or persons whether our officer or officers or employee or employees, or not, to be a receiver or receivers of the Land and assets which are charged in our favour and the rents and the profits derived therefrom, and can remove any receiver or receivers so appointed and appoint another or others in place of such receiver or receivers. The term "receiver" as used in this Mortgage shall include a receiver, a manager or a receiver and manager. The following provisions shall apply to this paragraph:

- (a) A receiver or receivers so appointed are conclusively your agent or agents and you shall be solely responsible for the acts or defaults and for the remuneration and expenses of the receiver or receivers. We shall not be in any way responsible for any misconduct or negligence on the part of any receiver or receivers and may, from time to time, fix the remuneration of every receiver or receivers and be at liberty to direct the repayment thereof from the proceeds collected.
- (b) Nothing contained herein and nothing done by us or by a receiver or receivers shall render us a mortgagee in possession or responsible as such.
- (c) All monies received by the receiver or receivers after providing for payment and charges ranking prior to this Mortgage and for all costs, charges and expenses of or incidental to the exercise of any of the powers of the receiver or receivers can be applied in or towards satisfaction of the monies owing pursuant to this Mortgage.
- (d) The receiver or receivers so appointed shall have power to:
 - (i) take possession of, collect and get in the Land or any part thereof, rents and profits thereof, and the subject matters of any additional security granted by you to us and for that purpose to take any proceedings, be they legal or otherwise, in your name or otherwise;
 - (ii) carry on or concur in carrying on the business which you are conducting on and from the Land;
 - (iii) lease or re-lease all or any portion of the Land and for this purpose to execute contracts in your name, which contracts shall be binding upon you; and
 - (iv) take such other action as may be authorized or directed by us in writing to the receiver or which may be granted to the receiver by a court.



The rights and powers conferred by this paragraph are supplemental to and not *in* substitution for any other rights which we may have from time to time.

17.8 other Remedies

We may pursue any other remedy which is permitted by law. If, in enforcing any of our remedies, we enter into possession of the Land, you will not interfere with our possession or with the possession of any receiver or any person to whom the Land is leased or sold. You will make no claim against any person to whom the Land is leased or sold. If you have any claim concerning the Land, it is only against us and only for money damages. All costs we incur in enforcing any of these remedies are payable by you as explained in paragraph 16.

17.9 Additional Security

If you have given us a security interest in any other property to secure the Loan Amount, we may take steps to enforce such security interest either before or after or at the same time as enforcing this Mortgage. Any money recoverable in connection with the other property will be applied against the Loan Amount without affecting our rights of enforcement under this Mortgage.

17.10 Our Obligation To Make Further Advances Ends

We shall have no further obligation to advance any monies or other value secured or intended to be secured by this Mortgage.

17.11 You Are Not Relieved Where We Remedy Your Default

If we take action to remedy any failure by you to perform any of your obligations (as referred to in paragraph 15 of this document), and notwithstanding that we exercise our consequent right to add the costs thereby incurred by us to the Loan Amount, such remedying by us will not relieve you from the other consequences of default hereunder and our remedying of your default will not be considered to be a remedying of same by you.

18. RIGHTS CUMULATIVE

The rights and remedies we have under the Mortgage are in addition to, and not in substitution for, any rights, remedies or powers which we *may* now or in future have under *any* law or statute or otherwise, including by way of agreement with you or with those claiming under or through you who have the right and power to grant us rights and remedies. Where we exercise any right or remedy on any one occasion, this will not be taken by you or anyone claiming under or through you that we have exhausted our entitlement to exercise such right or remedy, and we shall be entitled to exercise such rights or remedies on any number of subsequent occasions as we deem appropriate.

19. NON-MERGER

If we obtain any court judgment against you in *any* action to enforce our rights and remedies, such judgment does not prevent us from pursuing our other remedies or our rights to enforce your other obligations, including our right to receive interest as required by the Mortgage.

20. DELAY IN ENFORCEMENT

No delay in enforcing any of our rights under the Mortgage affects the validity of those rights, or our ability to enforce them at any time. If we do not immediately enforce any obligation you have failed to perform, our delay does not waive or cure any existing default, and does not justify your default or delay on any other occasion. No default is waived or cured except by our written agreement. Just because we waive or forgive payment or performance of any of your obligations under this Mortgage on any particular occasion, this is not to be taken by you (or anyone else claiming under or through you) that we will waive or forgive performance of any of your other obligations on any subsequent occasion.

21. ADVANCES OF THE MORTGAGE PRINCIPAL AMOUNT

21.1 Advances After Signing

If any part of the Mortgage Principal Amount is not advanced at the date you sign the Mortgage, we may advance it in one or more advances at any future time, and such future advances are secured by the Mortgage and repayable with interest as explained in the Mortgage or any Loan Documents.

21.2 Credit Union Not Bound To Advance

If for any reason we do not wish to advance all or part of the unadvanced Mortgage Principal Amount, we are not bound to do so. This applies even if the Mortgage has been signed and registered, and whether or not any part of the Mortgage Principal Amount has already been advanced. Even if we do not advance all or part of the Mortgage Principal Amount, you have mortgaged all of your interest in the Land to us, and you are required to pay us all our costs and expenses (including legal fees on a lawyer-client basis) for investigating your loan application and title, and preparing and registering the Mortgage. Such costs and expenses are secured by the Mortgage, are a charge on the Land, and are payable immediately, with interest at the Interest Rate.

Without limiting our discretion, to refuse *any* advance of the Mortgage Principal Amount for any reason, we may so refuse if:

- (a) the facts have changed materially from those shown on the loan application;
- (b) there has been any misrepresentation;
- (c) any lawyer's report on investigation of your title or as to the status of this Mortgage or *any* other security is unsatisfactory to us, or suggests that we will not receive a valid, enforceable Mortgage; or
- (d) funds have not been advanced on or before any commitment date we may have indicated in your loan approval (or other date which we have specified as a deadline for advancement of some or all of the funds to be secured by this Mortgage).

22. PARTIAL RELEASE AND POSTPONEMENT

At our discretion, we *may* at any time release our interest in all or part of the Land, whether or not we receive payment for doing so, and be accountable to you only for money we actually receive. If we release our interest in part of the Land only, the remainder will continue to secure the Loan Amount, and the obligations of you and any Covenantor continue unchanged.

We may also release any Covenantor or other Borrower from any or all obligations under the Mortgage, whether or not we receive payment for doing so, and be accountable to you only for money we actually receive. Such a release does not affect the obligations of *any* remaining Covenantor or Borrower. We may also postpone this Mortgage, in whole or in part, and on such terms as we deem appropriate, in favour of any other encumbrance, claim or other interest now or hereafter existing, and if we do the foregoing or *any* of the foregoing, this shall not in any way and to any degree whatsoever release or discharge you, or any other person who is, in whole or in part, responsible for payment of the obligations secured by this Mortgage, nor will the same release or entitle you to a release of any security held by us, including the security constituted by this Mortgage.

23. ATTORNMENT

To better secure the punctual payment of the Loan Amount, you attorn tenant to us, at a periodic rent equal to the periodic payments due under the Mortgage. The legal relationship of landlord and tenant is created, but we can at any time after a default under the Mortgage, terminate the tenancy without giving notice. Provided, however, and it is hereby agreed that neither this clause nor anything done by virtue thereof shall render the Credit Union a mortgagee in possession or accountable for any monies except those actually received.

This paragraph does not apply to a "rent unit" comprising all or any part of the Land, as that term is defined in *The Residential Tenancies Act* (Manitoba) and amendments thereto.

24. EXPROPRIATION

If all of the Land is expropriated, the Loan Amount will become immediately due and payable. If part of the Land is expropriated, all amounts you are paid for any expropriation, whether a complete or partial expropriation, will be paid to us and applied to the Loan Amount. If in our opinion the balance of the Land does not adequately secure the Loan Amount, then the Loan Amount or so much of it as we determine, will immediately become due and payable together with prepayment penalty, if any. You will direct the expropriating authorities to send all expropriation proceeds to us, but if you at any time come into control or possession of same, you will hold same in trust for us.



25. SUBDIVISION

If you subdivide the Land, the Mortgage will continue to apply to each subdivided parcel, and each parcel will be subject to the Loan Amount owing. We may release one or more parcels without affecting your obligations under the Mortgage. Nothing in this paragraph 25 shall be taken by you (or anyone claiming under or through you) that we have given or may hereafter give our permission to subdivide the Land.

26. CONDOMINIUM

If the Land is a condominium unit registered under *The Condominium Act*, you agree to the promises set out in this paragraph 26.

26.1 Compliance With *The Condominium Act* And Declaration

You will comply with *The Condominium Act* and the declaration, by-laws, and rules of the condominium corporation (the "Corporation") of which you are a member.

26.2 Common Expenses

You will pay when due your share of the common expenses of the Corporation and all other levies made by the Corporation against the unit. If you do not, we can pay that amount for you and add it to the Loan Amount so that it will bear interest at the Interest Rate, be secured by the Mortgage and form a charge on the Land. We can also deduct any such expenses or levies from any advance which we may make which is to be secured under this Mortgage.

26.3 Authorization To Vote

You authorize us both before and after default to exercise any rights you have as owner to vote for, act on or consent to any matter relating to the condominium property or to the affairs of the Corporation. Provided that we will have no responsibility to you regarding our exercise (or non-exercise) of the rights granted to us in this paragraph, and if and when we do exercise such rights, we shall have no responsibility to do so in a manner for your benefit or which protects your interests.

26.4 Insurance

Unless the unit is a bare land Condominium Unit where the Corporation has no obligation to insure the units, in which case the insurance provisions set out in paragraph 14.7 shall apply, you or the Corporation of which you are a member by virtue of your title to the unit, or both of you, will at all times insure the unit and keep it insured with insurance in an amount of not less than one hundred percent (100%) of the full replacement cost of, with coverage against (at least) the perils of fire and standard extended coverage on, each and every building on the Land and which may hereafter be erected thereon, both during erection and thereafter. Each policy of insurance arranged by you shall provide that loss, if any, shall be payable to the Credit Union as its interest may appear and shall contain the standard mortgage clause approved by the Credit Union. You and the Condominium Corporation will deliver to the Credit Union, certificates of insurance or, if required by the Credit Union, certified copies of each such insurance policy, as soon as practicable after the placing of the required insurance. All such policies arranged by you shall contain an undertaking by the insurers to notify the Credit Union in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof. If you fail to take out or to keep in force any such insurance, or should any such insurance not be approved by the Credit Union, and should you not rectify the situation within ten (10) days after written notice by the Credit Union to you, the Credit Union has the right, without assuming any obligation in connection therewith, to effect such insurance at your sole cost and expense. If the Credit Union is obligated to pay any premiums or sums of money for insurance for the premises or any part thereof the amount of such payment shall be added to the debt secured by the Mortgage and shall bear interest at the same rate applicable to principal as set out in the Mortgage from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt. On the happening of any loss or damage, you or the Condominium Corporation or both shall comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the foregoing, your obligation to observe and perform all the duties and obligations imposed on you by *The Condominium Act* and the Declaration and By-Laws of the Corporation as hereinafter provided. You shall comply with the insurance provisions of the Declaration; and you, as a member of the Corporation, shall seek the full compliance by the Corporation of the aforementioned covenants.

To the extent that you have assigned your voting rights in connection with any matter relating to (i) insurance, (ii) repair after damage or (iii) withdrawal from *The Condominium Act*, to us, such assignment shall take the place of any requirement that loss payable under the policy of insurance covering the units and the common elements be payable to us.

If a sprinkler system or a steam boiler or any other thing or apparatus generating steam or operated by steam shall be installed or operated on the land or in any building in which the whole or any part of the unit is situated, you or the Condominium Corporation or both of you shall insure and during the continuance of this Mortgage keep insured the buildings on the said land or any buildings in which the whole or any part of the unit is situated against loss or damage caused by such sprinkler system or by such boiler or other thing or apparatus or bursting or explosion thereof or defect therein to the full replacement value of such buildings.

26.5 More Than One Condominium Unit

If the Land comprises two or more condominium units registered under *The Condominium Act*, then you agree:

- (a) that the foregoing provisions of this paragraph 26 will apply to such units;
- (b) that your right to receive from us a statement of the debts secured by this security once every twelve months, or as needed for pay off or sale (pursuant to the provisions of *The Mortgage Act*) shall be deemed not to apply separately to each condominium unit;
- (c) that no sale of individual units will be permitted without our prior written consent;
- (d) that you will not invoke any provision now or in the future existing under *The Condominium Act* as from time to time amended, replaced or supplemented or under any other statute or law respecting pre-payment in whole or in part of the obligations secured by this security, the intent hereof being that this security shall continue to mortgage and charge each of the condominium units comprising the Land and that each of such units shall be subject to the payment, fulfillment and performance of all of the obligations hereby secured. If you or any other person or persons invokes any such provisions or any similar rights which has the effect of defeating or nullifying the purpose or intention of this provision, then, at our option, this shall constitute default under this security.

26.6 Acknowledgment Of Mortgage

You will cause each of the Corporation and the insurance trustee (if any) to acknowledge to us in writing, the existence of this Mortgage and our address for the provision of notices to us.

26.7 Termination Of Condominium Status

If a Notice of Withdrawal in respect of the condominium property is registered under *The Condominium Act* then such occurrence will be and be deemed to be an event or occurrence of default under this Mortgage.

27. IMPROVEMENT TO LAND

If you make any improvement to the Land (including any new construction, or any alteration, repair, addition, or demolition) we require you to submit any contracts, plans and specifications to us for approval before the work begins. You will not proceed with the work without our consent. You will complete the work as quickly as possible, in accordance with all government requirements and building standards, at your expense, and provide us with proof of payment and proof of compliance with such government requirements on request. You must withhold all required builder's lien holdbacks and you must also comply with all of your other obligations under *The Builders' Liens Act*. We may withhold any advances until we are satisfied that you have complied with your obligations to pay the cost of improvement and we may also withhold from any advance all such other amounts as we are entitled to withhold pursuant to any other agreement between us. We may obtain a court order removing any construction lien, and if necessary, provide financial guarantees or other security to enable us to obtain such an order. All our costs of doing so will form part of Other Charges.

28. RENEWAL, AMENDMENT, EXTENSION

- (a) We may at any time agree with you in writing to renew the term of the Mortgage, to amend its terms, or to extend the time for payment. No such agreement will adversely affect the validity of the Mortgage or your liability under it, and any such agreement is binding even if it is not registered at the land titles office. However, we may require that any amendment be registered at the land titles office, and in that case, you will ensure that all consents or postponements required, in order to enable the amendment to be so registered, are properly given and obtained at your sole cost.



- (b) If we agree to renew the term of the Mortgage and send you a mortgage renewal agreement and you do not sign and return it to us by the date required, the Mortgage will, at our option, be renewed on the terms set out in the mortgage renewal agreement;
- (c) If we do not agree to renew the Mortgage or extend the time for payment or we have sent you a mortgage renewal agreement but you do not sign and return it to us by the date required and we have decided not to renew the term of the Mortgage you will be required to pay the Loan Amount on the date of maturity of the Mortgage, failing which we may, at our option, charge you interest at the prevailing rates at that time. If we accept any payments after maturity of this Mortgage, this will not, in the absence of an agreement to renew or otherwise amend this Mortgage, be treated by you or anyone else as meaning that we have agreed to extend the time for payment.

29. COVENANTOR

Each Covenantor promises and agrees as principal debtor to pay the Loan Amount secured by and payable under the Mortgage, as and when required by the Mortgage, and to fulfill all of the other obligations of the mortgagor under the Mortgage. This promise is a condition of the loan. No partial release of our security, and no agreement to renew, amend or extend the Mortgage and no other act or omission by us which, in the absence of this provision, would release any Covenantor in whole or in part, will reduce the liability of the Covenantor under the Mortgage. We may require payment from the Covenantor before having attempted to obtain payment from the Borrower. The obligations of the Covenantor are binding on the Covenantor's Successors, and are not altered by the bankruptcy or insolvency of the Borrower. Until all of the Borrower's obligations under this Mortgage have been paid and fulfilled, each covenantor postpones and shall postpone all claims which each may have against the Borrower, and each Covenantor hereby assigns all of such claims, present and future, to the Credit Union. Without limiting the aforementioned obligations of each Covenantor, each Covenantor also agrees to indemnify the Credit Union with respect to any and all losses sustained by the Credit Union, which occur as a result of any default under this Mortgage.

Each Covenantor agrees that the Covenantor's obligations under it will continue and will not be affected in any way by any one or more of the following actions or events:

- (a) the closing of your account with the Credit Union;
- (b) the receipt of payments on account of your debts to the Credit Union;
- (c) the release of any security for the Covenantor's or your obligations;
- (d) the release of any other Covenantor;
- (e) the death or loss of capacity of you or the Covenantor;
- (f) the change of your name, or if you are a partnership, society or corporation, any change in your membership, ownership, internal structure or organization;
- (g) the bankruptcy of you or any other Covenantor;
- (h) our failure to take any steps to collect from you, to realize on any securities provided by you or to pursue collection from any trustee in bankruptcy of yours;
- (i) our failure, on a sale of any collateral pledged as security for your obligations, to realize enough proceeds to pay your obligations to us in full;
- (j) our failure to give notice to the Covenantor of any dealing between us and you or any dealing with any collateral pledged as security for the Covenantor's or your obligations;
- (k) any agreement between us and you to change or extend the terms of repayment of your debt to us or to add to, change or modify any collateral pledged as security for your debt;
- (l) any agreement or decision by us not to take steps to collect the monie owing from you or to take no action on any collateral pledged as security to us; or
- (m) a finding by a court that we may not be able to enforce payment of interest by you

30. CORPORATE BORROWER

If you are a corporation, you agree that

- (a) we may consider any change in the voting control of the corporation, without our prior written consent, to be a default; and
- (b) at our option, you will, annually within 90 days of the end of your fiscal year, provide us with audited financial statements of income and expenditures with supporting schedules, covering your operations for the previous fiscal year, or such other financial information or statements at such time or within such periods as we may in our discretion require.

31. ASSIGNMENT OF LEASES

If you have leased, or in future do lease any part of the Land, then you will, if you have not already done so, at our request assign to us each lease and/or the right to receive all money payable under it. You also agree to give us security on chattels, fixtures and equipment and pay our entire costs relating to such security as Other Charges. You agree to obtain our prior written consent for any future lease of part of the Land. Any leasing by you will be made in accordance with the requirements of applicable law, including, where applicable, *The Residential Tenancies Act* (Manitoba), and you will, at our request and at your expense, from time to time provide us with evidence of such compliance. You will ensure that any lease for a part of the Land is subordinate to our security, and if requested by us, you will, at your cost, ensure that each tenant undertakes to attom tenant to us if and when we require this to be done. You will not further mortgage or assign any of the leases to any other person or persons. You will from time to time advise us as to the status of each lease and you will not amend the terms of any lease unless we consent to this in writing. You will not accept any prepayment of rent under any lease without our written consent. You will indemnify us against all claims which may be made against us by virtue of any breach by you of any of your obligations as landlord under any lease, and your obligations under this indemnification shall be secured by this Mortgage and this indemnification shall survive the discharge of this Mortgage.

32. RELEASE OF INFORMATION AND CONSENT TO DISCLOSURE

You authorize us, CMHC in any capacity, any mortgage default insurer, and any other person having or proposing to acquire an interest in all or any part of the Loan Amount, including any loan under the related Loan Document, from time to time (including their respective advisors, agents, lawyers, accountants, consultants, appraiser, credit verification sources, credit rating agencies and services), or any other person in connection with any collection enforcement proceedings taken under or in respect of all or any part of the Loan Amount including any loan or the related Loan Document ("Information Access Persons") to use, collect, release and store information and materials about you or the Mortgage, including any loan under the related Loan Document, to any person claiming a builder's lien on the Land, a credit bureau, another credit granter, any Information Access Person, any governmental authority having jurisdiction over you or any of your activities or any other person as permitted or required by law. This authorization shall extend to all enquiries about you made at any time by a credit bureau or other lender, whether proposed or actual. The Credit Union may share information about you and this Mortgage to the extent required or desirable to induce other financial institutions to acquire an interest in this Mortgage, by way of purchase, syndication or otherwise, except in this event the Credit Union shall ensure that such other financial institution shall undertake to protect your private and confidential information.

33. EFFECT ON OTHER OBLIGATIONS AND SECURITY

This Mortgage is in addition to and not in substitution for any other security at any time held by us for all or any part of the Loan Amount secured by the Mortgage and it is agreed that we may pursue our remedies thereunder or under the Mortgage concurrently or successively at our option. Any judgment or recovery under the Mortgage or under any other security held by us for the Loan Amount secured by the Mortgage shall not affect our right to realize upon the Mortgage or any other security.

34. WHO IS BOUND

The Mortgage binds each Borrower and Covenantor and their respective Successors. It binds and benefits us and our Successors.



If more than one person has signed as Borrower or Covenantor, each person is jointly and severally liable to fulfill all of the obligations under the Mortgage.

35. NOTICE

You agree that we may provide notices to or communicate with you in writing, by mail or by personal delivery to you or by such other means as we may both agree. If you have provided to us an e-mail address or fax number, you agree that, to the extent allowed by law, we may use e-mail or facsimile transmission, as the case may be, as a means of communicating with you. We may use the latest postal, street or e-mail address; or fax number that you have provided to us. You may change the postal, street or e-mail address or fax number at which you wish to receive communications from us by any written means, but until you have actually communicated such change to us by post, personal delivery, facsimile transmission or e-mail, we may continue to use the most recent postal, street or e-mail address or fax number that you have provided to us.

You may give notice to us by personal delivery to the manager of the branch office with which you deal, by prepaid ordinary or registered mail addressed to us at our address shown in the Mortgage Document, by e-mail or facsimile transmission.

Notice is deemed given on the date of personal delivery, e-mail or facsimile transmission, or on the fifth day after mailing. If there is a disruption in the mails, or a disruption occurs within five days after mailing, then no notice will be given by mail, and if one has already been given, it will be given again other than by way of mailing.

36. TIME

Time is of the essence.

37. HEADINGS

Headings are for convenience of reference only. They are not a part of the body of the Mortgage, and they do not affect the interpretation of the Mortgage.

38. PARTIAL INVALIDITY

If any term of the Mortgage should be found by a court to be invalid or illegal or unenforceable, that term does not apply but the rest of the Mortgage remains in full force and effect.

39. GOVERNING LAW

The Mortgage, and any matter arising from it, is governed by the law of the Province of Manitoba.

40. CURRENCY AND PLACE

All payments made under the Mortgage shall be made in Canadian dollars at the branch of the Credit Union at which you regularly deal, unless you are otherwise instructed in writing.

41. MORTGAGE OF ESTATE

For better securing to us the repayment of the Loan Amount secured by the Mortgage and the performance of all of your other obligations under the Mortgage and any Loan Documents at the times and in the manner provided in the Mortgage, you hereby mortgage to us all your estate and interest in the Land.

42. NO RELEASE BY VIRTUE OF DEALINGS WITH SUCCESSORS

To the extent not prohibited by applicable law, any dealing by us with your permitted Successors, including without limitation, any arrangement for amending any of the terms of this Mortgage or any Loan Documents (including without limitation, any amendment increasing the interest rate), will not release you from your obligation to be responsible for payment and performance of the obligations of the Borrower as so amended under this Mortgage or any Loan Documents.

43. CHANGE IN FAMILY STATUS

You will advise us of any change in your family status, including marriage, divorce, the registration of a common-law relationship, the registration of a dissolution of a common-law relationship, the establishment by co-habitation of a common-law relationship and ceasing to cohabit with a common-law partner and if any such change occurs, we are entitled to require you and such other person or persons as we deem necessary to confirm or reconfirm in writing responsibility for payment and performance of the obligations of the Borrower under this Mortgage and any Loan Documents. If an order regarding a right of occupancy is made under *The Family Maintenance Act*, you will promptly advise us.

44. CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

If CMHC is the mortgage default insurer of the Mortgage, this Mortgage is made under the *National Housing Act*.

THE MORTGAGE ACT PROVIDES THAT YOU CAN OBTAIN FROM US, FREE OF CHARGE, A STATEMENT OF THE AMOUNTS SECURED BY THE MORTGAGE ONCE EVERY TWELVE MONTHS, OR AS NEEDED FOR SALE OR DISCHARGE.

These Standard Charge Mortgage Terms are signed on March 12, 2019.

CREDIT UNION CENTRAL OF MANITOBA LIMITED

Per: Wilson Griffiths

Name: WILSON GRIFFITHS
SENIOR VICE PRESIDENT
MEMBER SOLUTIONS

Position: _____

Per: Barrie Davidson

Name: Barrie Davidson
SVP, Finance and CRO

Position: _____



ACKNOWLEDGEMENT

Standard Charge Terms No. 5049401/1 are included in a Mortgage dated this 11th day of March, 2022 made by:

DELTA 9 BIO-TECH INC.

as Mortgagor, and to:

CONNECT FIRST CREDIT UNION LTD.

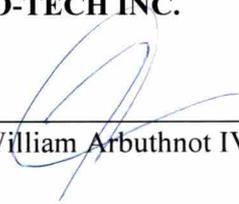
as Mortgagee.

The Mortgagor hereby acknowledges receiving a copy of the Standard Charge Terms before signing the Mortgage.

DATED the 11th day of March, 2022.

DELTA 9 BIO-TECH INC.

by:



John William Arbuthnot IV, CEO



THIS IS EXHIBIT "25" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024

A handwritten signature in blue ink, appearing to read "Ajah Landh", is written over a horizontal line.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

GENERAL ASSIGNMENT OF LEASES AND RENTS

THIS ASSIGNMENT made the 11th day of March, 2022.

BETWEEN:

**DELTA 9 BIO-TECH INC.
30TH FLOOR, 360 MAIN STREET
WINNIPEG MB R3C 4G1**

(hereinafter called the "Borrower")

OF THE FIRST PART

-AND-

**CONNECT FIRST CREDIT UNION LTD.
P.O. BOX 908
CALGARY AB T2P 2J6**

(hereinafter called the "Lender")

OF THE SECOND PART

WHEREAS the Borrower is or is entitled to be the owner of the lands and premises legally described (herein called the "Property") subject to a first mortgage to the Lender in the original Principal amount of **\$28,000,000.00** (herein after called the "Mortgage");

PARCELS A, B, C, D, E AND F PLAN 51110 WLTO
EXC FIRSTLY: OUT OF SAID PARCELS A AND C
ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL
GRAVEL AND VALUABLE STONE OF EVERY DESCRIPTION THAT MAY BE FOUND IN
UPON OR UNDER SAID PARCELS A AND C
TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME
SECONDLY: OUT OF SAID PARCELS B AND E, ALL MINES AND MINERALS AS
RESERVED IN DEED 2374744 WLTO AND
THIRDLY: OUT OF SAID PARCEL F, ALL MINES AND MINERALS AS SET FORTH
IN TRANSFER 2374748 WLTO
IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND
IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS

AND WHEREAS the Borrower has leased or granted a right of use or occupation or license with respect to part of the Property and will from time to time lease or grant a right of use or occupation of or license with respect to parts of the Property (all of which leases, grants and licenses are referred to as the "Leases");

WITNESS THAT IN CONSIDERATION of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by the Lender to the Borrower, the receipt and sufficiency of which is hereby acknowledged by the Borrower, the Borrower and Lender hereby agree as follows:

1. The Borrower hereby specifically assigns, transfers and sets over unto the Lender, its successors and assigns, as general and continuing security for payment of the principal and interest and other monies secured by the Mortgage and for performance of the obligations of the Borrower thereunder, all rents, charges and other monies (herein called the "Rents") now due and payable or accruing due to the Borrower and the benefit of all covenants, agreements and provisos contained in the Leases on the part of the Tenant as well as the reversion of the Leases:

- a. under each and every present and future lease in respect of the whole or any portion of the Property (whether or not pursuant to any lease or agreement to lease or license); and
- b. under each and every present and future guarantee or indemnity of all or any of the obligations under the Leases, with full power and authority to demand, collect, sue for, recover, receive and give receipts for the rents, and to enforce payment of the same in the name of the Borrower, its successors and assigns, or otherwise.

2. The Borrower, notwithstanding the transfer and assignment of the Leases, Rents, guarantees and indemnities, shall be permitted to collect and receive the Rents as and when the same shall become due and payable according to the terms of the Leases until the Borrower is in default under any of the provisions of the Mortgage.

3. The Borrower represents, warrants, covenants and agrees that:

- a. none of the Leases or the Borrower's rights thereunder (including the right to receive the Rents) have been or will be amended, assigned, encumbered, discounted or anticipated in priority to this assignment without the prior written consent of the Lender;
- b. the Borrower will observe and perform all of its obligations under the Leases or future lease and agrees that any failure on the part of the Borrower thereunder shall be deemed to be a default under this Agreement and the Mortgage;



- c. none of the Rents under any of the Leases has been prepaid or will be paid prior to the due date for payment thereof except rent for the ensuing month and except prepaid rent or security deposit as may be set out in the lease and as is set out on the rent roll;
- d. the Borrower will not exercise any right or election that would in any way diminish the tenant's liability under or have the effect of shortening the stated term of any of the Leases, nor will the Borrower modify or amend the Leases or any terms thereof in any way without the prior written consent of the Lender;
- e. the Borrower will pay all costs, charges and expenses of and incidental to the taking, preparation and registration of this Agreement or any notice thereof and of every renewal;
- f. the Leases shall remain in full force and effect regardless of any merger of the interests of the Borrower and a tenant thereunder; and
- g. the Borrower will, if requested by the Lender, enforce the Leases and all remedies available thereunder.

4. Nothing herein contained shall be deemed to have the effect of making the Lender responsible for the collection of the Rents or any part thereof or for the performance of any covenants, terms, obligations or conditions either by the landlord or the tenant contained in the Leases and that the Lender shall not be under any obligation to take any action or exercise any remedy in the collection or recovery of the Rents or any of them or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the Leases or any of them and that the Lender shall be liable to account only for such monies as shall actually come into its hands, less proper collection charges, taxes, assessments, water rates and fire and liability insurance premiums, and that such monies may be applied first on account of any indebtedness of the Borrower to the Lender.

5. The Lender shall not by virtue of this Assignment be deemed to be a mortgagee in possession of the Property or any of them and this Assignment shall not in itself create the relationship of landlord and tenant between the Lender and any tenant.

6. If the Lender shall have exercised its rights under paragraph 2 and shall have received any of the Rents and if the Borrower shall cure the default under the Mortgage which gave rise to such exercise and shall have reinstated the Mortgage, the Lender shall within one (1) month after demand in writing redeliver possession of the Property to the Borrower who shall resume collection of the Rents and remain in possession until another default occurs, and the Lender will provide the Borrower with details of all Rents received by it prior to such resumption.

7. The Lender shall credit the net amount of income received by it from the Property by virtue of this assignment, including the accumulation of a reserve to meet taxes, assessments, water rates and fire and liability insurance in requisite amounts, the manner of the application of said reserve shall be determined in the sole discretion of the Lender and including all fees, costs or expenses reasonably incurred by the Lender in the exercise of its rights hereunder, including legal fees on a solicitor and own client basis and including a reasonable compensation to such managing agent as it shall elect and employ, to any amounts due and owing to it by the Borrower under the terms of the said Mortgage and shall rebate to the Borrower such sums as may be left over after payment of the above. The Lender shall not be accountable for more monies than it actually received from the Property. The Lender shall make reasonable effort to collect Rents, reserving, however, within its own discretion, the right to determine method of collection and the extent to which enforcement of collection of delinquent Rents shall be prosecuted.

8. The Borrower covenants and agrees that upon the request of the Lender made at any time it will assign, transfer and set over unto the Lender the Leases or such of them so requested by a valid first assignment thereof and the Borrower hereby irrevocably appoints the Lender its attorney to effect and execute such assignment.

9. In the event of default under the Mortgage and thereafter the Lender shall serve notice thereof to the Borrower by personal service (the "Notice"). The Lender shall then give notice to the tenant, user, occupier, licensee, indemnifier or guarantor under any of the Leases requiring the same to pay the Rents to the Lender in the name of the Borrower or may, in its own name as Lender, enter upon the Property to the extent permitted in the Leases and exercise any and all rights of the Borrower with respect thereto, and to facilitate the collection of Rents the Borrower will, upon request, execute a written notice to each tenant directing the tenant to pay Rent to the Lender and which notice shall be binding upon the Borrower and shall not be contested by it. The Lender shall be entitled to enter into possession of the Property and collect the Rents and revenues thereof, distrain in the name of the Lender for the same and appoint its agents to manage the Property and to pay such agents reasonable charges for their services and mortgage the same to the account of the Borrower; any agent so appointed by the Lender shall have the authority and power:

- a. to make any lease or leases of the Property or any part thereof at such rent and on such terms as the Lender in its discretion may consider proper and to cancel or surrender existing leases, to alter or amend the terms of existing leases, to renew existing leases, or to make concessions to tenants as the Lender in its discretion shall consider proper; and



- b. to manage generally the Property to the same extent as the Borrower could do:
 - i. to collect the Rents and revenues and give good and sufficient receipts and discharges therefore, and in its discretion, distrain in the name of the Borrower for such rents and revenues;
 - ii. to pay all insurance premiums, taxes, necessary repairs, renovations and upkeep, carrying charges, rent or lease commissions, salary of any janitor or caretaker, cost of heating, and any and all payments due on the Mortgage to the Lender; and
 - iii. to accumulate the Rents and revenues in such agent's hands in a reasonable amount to make provision for maturing payments of interest and principal on the Mortgage, and for the payment of taxes, insurance, heating, repairs, renovations and upkeep, costs and expenses of collection of rents and revenues, and other expenses or carrying charges connected with the Property; where any discretionary powers are vested in the Lender or its agents, the same may be exercised by any officer, investment manager or manager of the Lender or its appointed agents as the case may be.

10. Upon repayment of the principal and interest under the Mortgage, the Rents and Leases shall be automatically reassigned to the Borrower and the Borrower shall be entitled at the Borrower's expense to a release and/or reassignment of the Assignment in registerable form, and discharge of any financing statements relating thereto.

11. The provisions of this instrument shall benefit and be binding upon the Borrower and its legal representatives, successors and assigns, as the case may be, and shall benefit and be binding upon the Lender and its successors or assigns. The "Borrower" shall be construed to mean any one (1) or more persons or parties who are holders of the legal title or equity of redemption to or in the Property. The word "Mortgage" shall be construed to mean the instrument securing the indebtedness owned and held by the Lender, whether such instrument be a mortgage, charge, loan deed, trust deed, vendor's lien or otherwise.

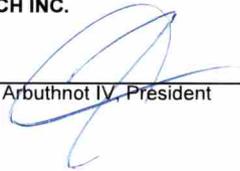
12. The Borrower agrees that it will from time to time, at the request of the Lender, and at the expense of the Borrower, execute such further assurances as the Lender shall reasonably require.

[Signature page follows.]



IN WITNESS WHEREOF the hand and seal of the Borrower is hereunto set as of the 11th day of March, 2022.

DELTA 9 BIO-TECH INC.

Per:  _____
John William Arbuthnot IV, President



THIS IS EXHIBIT "26" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

MORTGAGE OF LEASE BY WAY OF SUBLEASE

THIS MORTGAGE OF LEASE BY WAY OF SUBLEASE is made as of the 14 of March, 2022.

BETWEEN:

DELTA 9 BIO-TECH INC.
(herein called the "Mortgagor"),

OF THE FIRST PART,

- and -

CONNECT FIRST CREDIT UNION LTD.
(herein called "CFCU"),

OF THE SECOND PART.

In consideration of moneys which have been or may hereafter be lent by CFCU to the Borrower (as hereinafter defined), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Mortgagor and CFCU agree as follows:

1. **Definitions.** In this Mortgage:

- (a) "Borrower" has the meaning ascribed thereto in the Loan Agreement;
- (b) "Costs" means the fees, costs, charges and expenses of CFCU, including, without limitation, legal costs incurred by CFCU as between solicitor and his own client, incidental to:
 - (i) the preparation, execution and registration of this Mortgage and any other instruments connected herewith;
 - (ii) the collection, enforcement and realization of the security herein contained;
 - (iii) procuring payment of the Indebtedness;
 - (iv) any inspection required to be made of any of the premises comprising the Leased Premises;
 - (v) all necessary repairs required to be made to any of the premises comprising the Leased Premises;



- (vi) CFCU having to go into possession of the Leased Premises and secure, complete or equip any of the premises comprising the Leased Premises in any way in connection therewith;
- (vii) CFCU's renewal of any leasehold interest;
- (viii) the exercise of any of the powers of a receiver contained herein; and
- (ix) any examination of the Lease.

Costs shall:

- (i) be payable forthwith by the Mortgagor; and
 - (ii) be a charge on the Leased Premises;
- (c) "Event of Default" means any default under any provision of the Loan Agreement or any documents entered into in connection with the Loan Agreement;
 - (d) "Indebtedness" means all present and future indebtedness, obligations and liabilities of the Mortgagor, existing from time to time, to CFCU, whether direct indebtedness to CFCU or indebtedness under any present or future guarantee or similar obligation given to CFCU, and includes all interest, commissions, legal and other costs (including legal fees as between a solicitor and his own client), charges and expenses relating thereto;
 - (e) "Landlord" means 6599362 Canada Ltd.;
 - (f) "Leased Premises" means the lands and premises leased to the Mortgagor pursuant to the Lease;
 - (g) "Lease" means the lease set out in Schedule "A", as may be amended, replaced, amended and restated or superseded from time to time;
 - (h) "Loan Agreement" means the Loan Agreement dated February 1, 2022, among, *inter alia*, the Mortgagor, the Borrower and CFCU, as may be amended, replaced, amended and restated or superseded from time to time; and
 - (i) "Mortgage" means this Mortgage of Lease by way of Sublease;



2. **Mortgage of Lease.** The Mortgagor has, at the request of CFCU, agreed to give this Mortgage as continuing collateral security for payment of the Indebtedness. The Mortgagor hereby grants, transfers, assigns, charges, pledges, mortgages and sub-leases to and in favour of CFCU as and by way of sub-lease, all of its registered and (or) beneficial estate, title and interest in and to the Leased Premises, for and during the unexpired residue of the term of the Lease, except the last day thereof, and all other estate, term, right of renewal, option to purchase and other interest of the Mortgagor in the Lease, to secure the repayment of the Indebtedness and the performance of all of the obligations of the Mortgagor contained herein and in the Loan Agreement and any documents entered into in connection with the Loan Agreement. The Mortgagor hereby releases to CFCU all its claims upon the Lease and the Leased Premises until the Indebtedness has been repaid in full and extinguished and all of the obligations of the Mortgagor contained herein and in the Loan Agreement and any documents entered into in connection with the Loan Agreement have been performed; PROVIDED that the Mortgagor shall be entitled to its right of possession to the Leased Premises for so long as no Event of Default has occurred and is continuing.

3. **Representations, Warranties and Covenants of the Mortgagor.** The Mortgagor represents, warrants and covenants with CFCU that:

- (a) the Mortgagor will ensure payment of the Indebtedness as provided for in the Loan Agreement and any documents entered into in connection with the Loan Agreement and observe all provisos, conditions and agreements contained therein and in this Mortgage;
- (b) the Mortgagor has the right, power and authority to mortgage its interest in and to the Lease and the Leased Premises;
- (c) on an Event of Default, CFCU shall at its option have quiet enjoyment and quiet possession of the Leased Premises, free from all encumbrances;
- (d) the Mortgagor will, before or after default, execute such further assurances of the Leased Premises and do such other acts, at the Mortgagor's expense, as may be reasonably required by CFCU;
- (e) the Mortgagor agrees to assign to CFCU forthwith upon the request of CFCU as additional security for payment of the Indebtedness and the performance of the covenants contained in the Loan Agreement and any documents entered into in connection with the Loan Agreement and contained herein, any present or future sublease which may be granted by the Mortgagor as to the whole or any portion of the Leased Premises and agrees to deliver to CFCU executed copies of all such subleases at the written request of CFCU. The Mortgagor covenants to perform and comply with all sublessor's covenants contained in any subleases assigned by



the Mortgagor to CFCU. Notwithstanding the assignment or assignments of any sublease or subleases by the Mortgagor to CFCU, it is nevertheless declared and agreed that none of the rights or remedies of CFCU under this Mortgage shall be delayed or in any way hindered or prejudiced by such assignment or assignments or by any act of CFCU pursuant thereto;

- (f) neither the Mortgagor nor any other person has heretofore made, done, committed or suffered any act to encumber the Lease or any part thereof;
- (g) the Lease is a good, valid and subsisting lease and has not been surrendered, forfeited, amended or become void or voidable and the rents and covenants reserved have been duly paid and performed by the Mortgagor up to the date of signature by the Mortgagor;
- (h) the Mortgagor has done no act or been guilty of any omission or laches whereby the Lease has become in any way impaired or invalid;
- (i) during the continuance of this Mortgage, the Mortgagor will not amend, surrender or modify the Lease without the written consent of CFCU and will pay the rent reserved by the Lease and perform and observe all of the covenants, provisos and conditions contained in the Lease and on the Mortgagor's part to be performed and observed and hereby agrees to keep CFCU indemnified against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything relating thereto; and
- (j) the Mortgagor will stand possessed of the Lease and the Leased Premises for the last day of the term or of any renewal term granted by the Lease in trust for CFCU, and will assign and dispose thereof as CFCU may direct.

4. Remedies on Events of Default by the Mortgagor. It is hereby provided that:

- (a) on an Event of Default by the Mortgagor, CFCU may sell, transfer, assign, sublet or otherwise dispose of the entire right, title and interest of the Mortgagor in and to the unexpired term of years demised by the Lease or any part thereof including the interest of the Mortgagor in and to the Leased Premises by public auction or private sale for such price as can reasonably be obtained therefor and on such terms as to credit and otherwise and with such conditions of sale as it shall in its discretion deem proper, and in the event of any sale on credit or for cash or for part cash and part credit, CFCU shall not be accountable for or be charged with any moneys until actually received by it. CFCU may rescind or vary any contract of sale and may buy in and re-sell the right, title and interest of the Mortgagor in and to the Lease and the Leased Premises or any part thereof without being



answerable for loss occasioned thereby; and no purchaser shall be bound to enquire into the legality, regularity or propriety of any such action or be affected by notice of any irregularity or impropriety; and no lack of default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any such action hereunder. CFCU may take any such action without entering into actual possession of the Leased Premises or any part thereof and while in possession shall be accountable only for moneys which are actually received by it;

- (b) on an Event of Default by the Mortgagor, CFCU may occupy the Leased Premises to, *inter alia*, remove any personal property of the Mortgagor located at or on the Leased Premises from the Leased Premises whenever CFCU believes such removal is necessary to protect its security interests in such personal property; and
- (c) the Mortgagor hereby irrevocably appoints CFCU as the Mortgagor's substitute to be the Mortgagor's attorney during the continuance of this security. This appointment is coupled with an interest and shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Mortgagor for any reason. On an Event of Default, CFCU may, on behalf of the Mortgagor, assign the Lease and convey all of the Mortgagor's right, title and interest in and to the Lease and the Leased Premises and the last day of the term granted by the Lease as CFCU shall at any time direct and execute all agreements, documents and assurances as CFCU shall see fit in connection therewith or otherwise.

5. Appointment of Receiver. On an Event of Default by the Mortgagor, CFCU may in writing, appoint any person, whether an officer or employee of CFCU or not, to be a receiver of the Leased Premises and the rents and profits derived therefrom, and may remove the receiver so appointed and appoint another in his stead. The term "receiver" as used in this Mortgage includes a receiver and manager. The following provisions shall apply to this paragraph:

- (a) the receiver so appointed is conclusively the agent of the Mortgagor, and the Mortgagor shall be solely responsible for the acts or defaults and for the remuneration and expenses of the receiver. CFCU shall not be responsible in any way for any misconduct or negligence on the part of the receiver and may, from time to time, fix the remuneration of the receiver and be at liberty to direct the payment thereof from proceeds collected;
- (b) nothing contained herein and nothing done by CFCU or by the receiver shall render CFCU a mortgagor in possession or responsible as such;



- (c) all monies received by the receiver, after providing for payment of charges ranking prior to this Mortgage and for all applicable Costs, charges and expenses of or incidental to the exercise of any of the powers of the receiver as hereinafter set forth shall be applied in or towards satisfaction of the remaining Indebtedness;
- (d) the receiver so appointed shall have power to:
 - (i) take possession of and collect rents and profits from the Leased Premises and any additional or collateral security granted by the Mortgagor to CFCU and for that purpose may take proceedings, be they legal or otherwise, in the name of the Mortgagor or otherwise;
 - (ii) carry on or concur in carrying on the business which the Mortgagor is conducting on and from the Leased Premises and for that purpose, with court approval where required, borrow money on the security of the Lease and(or) any of the premises comprising the Leased Premises in priority to this Mortgage; and
 - (iii) lease all or any portion of the Leased Premises and for that purpose execute contracts in the name of the Mortgagor which said contracts shall be binding upon the Mortgagor;
- (e) the rights and powers conferred herein are supplemental to and not in substitution for any other rights which CFCU may have from time to time.

6. Release by CFCU. It is hereby agreed by the Mortgagor that CFCU may at its discretion at all times release any part or parts of the Lease or the Leased Premises or any other security or any surety for the Indebtedness or any portion thereof either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the Lease or the Leased Premises or any person from this Mortgage or from any of the covenants herein contained and without being accountable to the Mortgagor for the value thereof or for any money except that actually received by CFCU.

7. Payment of other Charges and Performance of other Obligations by CFCU. The Mortgagor hereby agrees that:

- (a) CFCU may satisfy any charge now or hereafter existing or to arise or be claimed upon the Lease or the Leased Premises and the amount so paid shall be added to the Indebtedness and bear interest as set forth in the Loan Agreement and shall be payable forthwith by the Mortgagor to CFCU and, in default of payment, the Indebtedness shall become payable and the remedies provided for herein may be



exercised forthwith without any notice. And in the event of CFCU satisfying any such charge or claim, it shall be entitled to all equities and securities of the person or persons so satisfied; and

- (b) if the Mortgagor shall refuse or neglect to renew the Lease or any renewals thereof granted hereafter, then, and as often as it shall happen, CFCU may effect such renewals in its own name or otherwise, and every renewal of the Lease or any part of the Leased Premises shall remain and be security to CFCU for the Indebtedness. All Costs in connection therewith shall be payable by the Mortgagor.

8. Sale or Transfer by Mortgagor. The Mortgagor covenants and agrees with CFCU that:

- (a) the Mortgagor will not without the prior consent in writing of CFCU, sell, transfer, sub-lease, assign or otherwise dispose of the Lease or the Leased Premises or any portion thereof or any interest therein; and, in the event of such sale, transfer, sub-lease, assignment or other disposition, without the consent of CFCU, the Indebtedness shall, at the option of CFCU, forthwith become due and payable; and
- (b) no sale or other dealing by the Mortgagor with the Lease or the Leased Premises or any part thereof or any other dealing by CFCU with the Lease or the Leased Premises or any part thereof, shall in any way affect or prejudice the rights of CFCU against the Mortgagor or any other person liable to repay the Indebtedness.

9. Mortgage not a Substitute for any other Security. It is hereby expressly agreed by the Mortgagor that this Mortgage shall not create any merger, rebate or discharge of any debt owing to CFCU or of any lien, bond, promissory note, bill of exchange or other security held by or which may hereafter be held by CFCU, whether from the Mortgagor or any other party or parties whomsoever and this Mortgage shall not in any way affect any security held or which may hereafter be held by CFCU for the Indebtedness or any portion or portions thereof or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by CFCU for or on account of the Indebtedness or any portion or portions thereof nor shall the remedies of CFCU in respect thereof be affected in any manner whatsoever.

10. Judgments. The taking of a judgment or judgments against the Mortgagor on any of the covenants herein contained shall not operate as a merger of the said covenants or affect CFCU's right to interest on the Indebtedness, and further that any such judgment may provide that interest thereon shall be computed at the rate set forth in the Loan Agreement until such judgment shall have been fully paid and satisfied.



11. Mortgage Continuing Security. It is hereby agreed that this Mortgage may secure a current or running account and shall stand as a continuing security to CFCU for the payment of the Indebtedness and all interest, damages and Costs which may become due or payable or which may be paid or incurred upon or in respect of the Indebtedness or any portion thereof notwithstanding any fluctuation or change in the amount, nature or form of the Indebtedness or in the bills, notes or other obligations now or hereafter representing the same or any portion thereof or in the names of the parties to the said bills, notes or obligations or any of them.

12. Assignment of Rents. The Mortgagor hereby agrees with CFCU as follows:

- (a) the Mortgagor hereby assigns and sets over to CFCU all rents payable from time to time under all subleases of the Leased Premises or any part thereof, whether presently existing or arising in the future, together with the benefit of all covenants, agreements and provisos contained in the said subleases, in favour of CFCU; PROVIDED that, for the avoidance of any doubt, no such rents will be required to be paid to CFCU, unless an unremedied Event of Default has occurred and is continuing;
- (b) forthwith after making any sublease of the Leased Premises or any part thereof, the Mortgagor will execute and deliver to CFCU an assignment in registerable form in CFCU's usual form of all rents payable under such sublease, the benefit of all covenants, agreements and provisos therein contained on the part of the tenant to be observed and performed and the reversion of such sublease; and will also execute and deliver to CFCU all such notices and other documents as may be required in order to render such assignment effectual in law;
- (c) nothing herein contained shall
 - (i) make CFCU responsible for the performance of any covenants, terms or conditions contained in any lease, unless CFCU expressly agrees in writing with the Landlord to assume such responsibilities; or
 - (ii) make CFCU responsible for the collection of rents payable under any sublease of the Leased Premises or any part thereof or for the performance of any covenants, terms or conditions contained in any such sublease;
- (d) CFCU shall not by virtue of these presents be deemed a mortgagee in possession of the Leased Premises or any part thereof;



- (e) CFCU shall be liable to account for only such rents as actually come into its hands less reasonable collection charges in respect thereof and may apply such rents to the repayment of the Indebtedness; and
- (f) notwithstanding anything herein contained, no sublease of the Leased Premises or any part thereof made by the Mortgagor without the consent in writing of CFCU shall be effective or have priority over this Mortgage.

13. **Non-Merger.** The title in fee simple to the property demised by the Lease and the leasehold estate shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates in the Landlord or the Lease or the Mortgagor or in a third person, pursuant to the Lease, by purchase or otherwise.

14. **Interpretation and Headings.** It is hereby agreed that wherever in this Mortgage the word "Mortgagor" is used the same shall extend to and include the heirs, executors, administrators, successors and assigns of the Mortgagor, and wherever in this Mortgage the word "CFCU" is used the same shall extend to and include all the successors and assigns of CFCU and wherever the singular or masculine is used the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties hereto so require. The headings do not form part of this document and have been inserted for convenience of reference only. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement. The Mortgage shall be deemed to be made in and shall be construed according to the laws of the Province of Manitoba.

[Signature page follows.]



DATED as of the date first written above.

DELTA 9 BIO-TECH INC.

Per: _____

Name: John William Arbuthnot IV
Title: President



**Schedule "A"
Lease**

[SEE ATTACHED]



THIS BUILDING "C" LEASE made as of this 27th day of September, 2018.

BETWEEN:

6599362 CANADA LTD.
(herein called the "**Landlord**"),

- and -

DELTA 9 BIO-TECH INC.
(herein called the "**Tenant**"),

WHEREAS the Landlord warrants and represents to the Tenant that the Landlord is the sole legal and beneficial owner of an estate in fee simple in the land known as 770 Pandora Ave. East, Winnipeg, Manitoba (the "**Lands**"), and all structures erected thereon and appurtenances thereto, in good and marketable title thereto;

AND WHEREAS the Tenant wishes to lease from the Landlord 14,040.70 square feet in the building known as Building C on the Lands (the "**Leased Premises**"), and the Landlord wishes to lease the Leased Premises to the Tenant;

NOW THEREFORE WITNESSETH that in consideration of the mutual covenants, conditions and agreements herein contained, the Landlord and the Tenant covenant and agree as follows:

ARTICLE 1 – DEFINITIONS

1.01 Definitions. In this Lease:

"**Additional Rent**" has the meaning ascribed thereto in Section 3.01(b) hereof;

"**Basic Rent**" has the meaning ascribed thereto in Section 3.01(a) hereof;

"**Building C**" means that building located on the Lands, known as Building "C";

"**Buildings**" means, collectively, all building located on the Lands.

"**Commencement Date**" means October 1, 2018;

"**Environmental Laws**" means all federal, provincial, municipal or local laws, statutes, regulations, ordinances, orders, directives, judgments, codes, decrees, injunctions, writs, policies (having the force of law), approvals, notices, rules, by-laws, common law and other applicable laws relating to environmental matters, dangerous goods, hazardous materials and occupational health and safety matters, including with limitation, those relating to the release or threatened release of environmentally sensitive materials and to

the generation, use, storage, treatment, and disposal of environmentally sensitive materials.

"**GST**" has the meaning ascribed thereto in Section 3.03 hereof;

"**Lands**" has the meaning ascribed thereto in the first preamble hereto;

"**Lease**" means this Lease and any Schedules hereto;

"**Leased Premises**" has the meaning ascribed thereto in the second preamble hereto, and the space comprising the Leased Premises is shown in a sketch on Schedule "A" hereto;

"**Office Space**" means 1,558.90 square feet of space in Building C identified as "Office 2nd Floor" as shown on Schedule "A" hereto, which forms part of the Leased Premises;

"**Permitted Use**" has the meaning ascribed thereto in Section 4.01 hereof;

"**Proportionate Share**" means, in the case of Realty Taxes, the fraction expressed as a percentage calculated using the numerator and denominator as follows, with such fraction to be calculated on a monthly basis at the same time the area of the Leased Premises is agreed upon:

- (i) the numerator of which is the area of the Leased Premises; and
- (ii) the denominator of which shall be the total square footage of all buildings located on the lands covered by the then current Statement and Demand for Municipal and School Taxes for the land on which the Leased Premises are located, which at the time of execution of the Lease includes the Lands and the additional lands referred to in Certificate of Title Nos. 2513702/1 (Parcel G) and 2513712/1 (Parcel H). The denominator, based on the current buildings contained in the current Statement and Demand for Municipal and School Taxes, is equal to Four Hundred and Fifteen Thousand, Seven Hundred and Thirty-Eight (415,738) square feet.

"**Realty Taxes**" means the aggregate of all real property taxes, rates, duties and assessments that may be levied, rated, charged or assessed against the Lands, or upon the Landlord in respect thereto, including, without limitation, all local improvement rates and charges, frontage taxes, water, school, hospital and other taxes and assessments both general and special, rates, levies and impositions, general or specific, ordinary or extraordinary, foreseen or unforeseen, now imposed, assessed or levied or which may hereafter be imposed, assessed or levied by any federal, provincial, municipal, regional, school or other statutory authority during the Term for whatever purposes. PROVIDED THAT taxes treated as capital gains taxes or corporate income taxes shall be specifically excluded from Realty Taxes prior to establishing the Tenant's Proportionate Share thereof;

“**Renewal Term(s)**” has the meaning ascribed thereto in Section 2.03 hereof;

"**Rent**" means Basic Rent, Additional Rent, and all other amounts payable by the Tenant to the Landlord under this Lease;

"**Sketch**" has the meaning ascribed thereto in the second preamble hereto;

"**Term**" has the meaning ascribed thereto in Section 2.02 hereof; and

“**Warehouse Space**” means the 12,481.80 square feet of space in Building C identified as “Production Area” on Schedule “A” hereto, which comprises part of the Leased Premises.

ARTICLE 2 – DEMISE AND TERM

2.01 Demise. The Landlord in consideration of the rents, covenants, agreements and conditions herein to be paid, observed and performed by the Tenant, hereby leases to the Tenant the Leased Premises.

2.02 Term. The Tenant shall have and hold the Leased Premises from the Commencement Date to the earlier of: (i) the day before the closing date of the transaction for the sale of the lands related to Buildings B, C, and D located on the Lands from the Landlord to the Tenant; and (ii) the date that is five (5) years from the Commencement Date (in either case, herein called the "**Term**"), unless otherwise extended or terminated in accordance with the terms and conditions contained herein.

2.03 Renewal. Should the transaction for the sale of the lands related to Buildings B, C, and D located on the Lands from the Landlord to the Tenant not proceed to close, the Tenant shall have the option to renew the Term of this Lease on the same terms and conditions except for this right of renewal for two (2) additional five (5) year terms (each, a “**Renewal Term**”). The rent for each Renewal Term shall be the fair market value at the time, provided that it shall not be lower than the rent the year prior to the applicable renewal.

2.04 Parking. The Tenant shall be entitled up to 10 dedicated parking stalls in close proximity to the Leased Premises, being the parking stalls next to the kiln on the Lands, the location of which shall be as indicated on Schedule “B” hereto or as otherwise mutually agreed upon by the Landlord and the Tenant in writing, both acting reasonably. There will be no additional rent or other fee of any other kind payable for the use of these parking stalls.

ARTICLE 3 - RENT, DEPOSIT, TAXES AND OTHER CHARGES

3.01 Rent. The Tenant shall pay to the Landlord as Rent for the Leased Premises the aggregate of:

- (a) commencing on the Commencement Date, basic rent of \$92,668.62 per annum ("**Basic Rent**"), calculated at the rate of \$6.60 per square foot for the Office Space (being 1,558.90 square feet) and the Warehouse Space (being 12,481.80 square

feet) in each year of the Term. Any additional space acquired by the Tenant during the Term shall also be charged at \$6.60 per square foot. Basic Rent shall be payable in monthly instalments in advance of \$7,722.39 (plus GST), without notice or demand, commencing on the Commencement Date and thereafter on the first day of each calendar month thereafter during the Term;

- (b) commencing on the Commencement Date, additional rent payable in monthly instalments, estimated for 2018 to be in the amount of \$1,935.44 per month, at the times and in the manner otherwise provided in Section 3.01(a) for Basic Rent, calculated as follows:
 - (i) common area maintenance costs (excluding insurance, security and monitoring and realty taxes) of \$9,266.86 per annum, calculated as 10% of the annual Basic Rent, payable in monthly instalments of \$772.24 per month; and
 - (ii) a share of the Landlord's insurance equal to \$2,667.73 per annum, calculated as \$0.19 per square foot payable in monthly instalments of \$222.31 per month;
 - (iii) the Tenant's Proportionate Share of the Realty Taxes, estimated for 2018 to be \$11,290.72 per annum, payable in monthly instalments of \$940.89 per month (which amount is estimated based on the \$334,312.57 2018 Realty Taxes, but subject to adjustment annually);

(collectively, the "**Additional Rent**");
- (c) all amounts (other than payments under Subsections 3.01 (a) and (b)) payable by the Tenant to the Landlord under this Lease, at the times and in the manner provided in this Lease or, if not so provided, as reasonably required by the Landlord.

The Tenant shall be responsible for and will pay all utility charges, including, electricity, gas, water, sewer and heating, incurred in respect of the Leased Premises during the Term.

3.02 Calculation and Payment of Additional Rent for Realty Taxes. Prior to the commencement of each year of the Term, the Landlord shall deliver to the Tenant a statement setting forth the Landlord's reasonable estimate of the Tenant's Proportionate Share of the Realty Taxes for such Lease Year and thereafter during such Lease Year the Tenant shall pay to the Landlord in the manner provided in Article 3.01(b)(iii) on the basis of those estimates. Notwithstanding anything herein contained to the contrary, it is agreed that the Landlord shall be entitled at any time to revise its estimates of the Tenant's Proportionate Share of the Realty Taxes. Annually by April 30th of each year, the Landlord shall provide the Tenant with a statement confirming the amount of such Realty Taxes for the prior year over the Base Cost ("**Final Statement**") and the Tenant shall pay any shortfall due pursuant to the Final Statement within one (1) month after receiving same. In the event the Final Statement shows that Tenant

overpaid for the prior year, the Landlord shall provide Tenant with a credit toward the subsequent year's Realty Taxes or if the Lease has expired, return such overpayment within one (1) month.

3.03 Goods and Services Tax. The Tenant shall pay to the Landlord an amount equal to any and all goods and services taxes, sales tax, value added taxes, or any other taxes imposed on the Tenant but to be collected by the Landlord, or imposed, levied or assessed upon the Landlord with respect to or upon the entering into of this Lease, or upon or with respect to or on account of this Lease, or on the use or occupancy of the Leased Premises or any portion thereof (excluding real property taxes and corporate income taxes), whether characterized as a goods and services tax, sales tax, value added tax or otherwise (herein called the "GST"), it being the intention of the parties that the Tenant shall bear full responsibility for payment of all GST and that the Landlord shall be reimbursed by the Tenant for any amounts paid by the Landlord with respect to any and all GST imposed upon or payable by either the Tenant or the Landlord. The amount of such GST shall be calculated by the Landlord in accordance with applicable legislation and shall be paid by the Tenant to the Landlord upon demand or at such time or times as the Landlord may from time to time determine. The Landlord shall have all of the same remedies for and rights of recovery of GST as it has for recovery of Rent under this Lease.

3.04 Interest on Amounts in Arrears. Whenever any part of Rent (including interest thereon, if any) payable hereunder by the Tenant to the Landlord is in arrears, the same shall bear interest at the rate of three percent (3%) per month calculated from the due date of such Rent.

3.05 Taxes and Utilities. The Tenant will pay, as and when due to the authority to which same are owing:

- (a) All taxes, licenses, rates, duties and assessments imposed, assessed or levied by any lawful authority during the Term relating to the business carried on in and the use and occupancy of the Leased Premises by the Tenant (and any permitted subtenant and licensee) and relating to personal property and all business and trade fixtures and other improvements owned or installed by or on behalf of the Tenant in, on or affixed to the Leased Premises, whether any such taxes, licenses, rates, duties and assessments are payable by law by the Tenant or by the Landlord and whether or not the same are allocated separately in respect of the Leased Premises unless same is a component of the real property taxes for the Lands in which case it will be included in the Rent.
- (b) The Tenant shall be responsible for the cost of all utilities including but not limited to electricity, sewage and water supplied to the Leased Premises. The Tenant shall not, without the prior written approval of the Landlord, which may be arbitrarily withheld, install or cause to be installed in the Leased Premises any equipment that will require additional utility usage or any telecommunications lines and/or conduits. If, with the Landlord's approval, such additional equipment is installed, the Tenant shall be solely responsible for such excess utility usage. If utilities are supplied to the Tenant through a meter common to other tenants in the Building (there being no obligation on the Landlord to install separate meters), the

Landlord shall pay the cost of the utilities and apportion the cost pro rata among the tenants supplied through the common meter, based on all relevant factors including, but not limited to, the hours of use, number and types of lights and electrical equipment and the proportion of each tenant's rentable area to the rentable area of all tenants to which the common meter relates. Upon receipt of the Landlord's statement of apportionment, the Tenant shall promptly reimburse the Landlord for all amounts apportioned to the Tenant by the Landlord; provided that the Landlord may elect by notice to the Tenant to estimate the amount which will be apportioned to the Tenant and require the Tenant to pay that amount in monthly instalments in advance simultaneously with the Tenant's payments of Basic Rent. The Tenant shall upon the Landlord's request install a separate utility meter or meters in the Leased Premises at the Tenant's expense.

- (c) The Tenant shall pay all rates, charges, costs and expenses as may be assessed or levied by any supplier of utilities to the Tenant other than those supplied by the Landlord, including, without limitation, telephone, facsimile, Wi-Fi and internet of whatsoever nature and kind used in or supplied to the Leased Premises.

Upon request by the Landlord, the Tenant will deliver promptly to the Landlord receipts for payment of all charges payable by the Tenant pursuant to this Section 3.05 which were due and payable up to one (1) month prior to such request.

3.06 Irregular Periods. If, for any reason, it becomes necessary to calculate Rent for irregular periods, an appropriate pro rata adjustment will be made on a daily basis in order to compute such Rent for such irregular period as at the date of termination of the Term.

ARTICLE 4- USE OF THE LEASED PREMISES

4.01 Use of Premises. Without the prior written consent of the Landlord, the Tenant will not use or permit the Leased Premises or any part thereof to be used for any purpose other than for light industrial manufacturing, design, production and assembly applications, operations related and ancillary to cannabis production and the production of equipment and goods related thereto, and related purposes including office and administration purposes ancillary to the aforementioned permitted usage (the "**Permitted Use**").

4.02 Specific Prohibited Uses. The Tenant will not, at any time during the Term, carry on or permit to be carried on, on the Leased Premises anything which is noxious or offensive and will not do or permit to be done anything whatsoever at any time upon the Leased Premises which would annoy or disturb or cause a nuisance or damage to the occupiers or owners of lands and premises adjoining or in the vicinity of the Premises. The Tenant will not permit any overloading of the floor of the Leased Premises. Except for fertilizer, pesticides and/or isopropyl alcohol based cleaning or sanitization solutions required in connection with the Permitted Use, the Tenant shall be prohibited from using, storing or shipping any chemicals or hazardous material, including without limitation, fuel or propane gas, on, from or to, the Leased Premises. The Tenant will not cause any waste or damage to the Leased Premises. Without the prior written consent of the Landlord, the Tenant shall not conduct on the Leased Premises, any distress sale,

bankruptcy sale, going out of business sale or any other sale designed to convey to the public that business operations are to be discontinued.

4.03 Signs. Tenant shall not erect or display any signage, on the Building or any place on the Lands without the Landlord's prior written consent in each instance, such consent not to be unreasonably withheld. The Tenant shall, at its cost, acquire all requisite municipal or other governmental permits required to erect or maintain any such approved sign or advertisement and the Tenant agrees that any sign or advertisement so placed or fixed to the exterior or any outside part of the Building or on the Lands shall be maintained in a proper state of repair and that it will indemnify and hold harmless the Landlord from and against all liability for personal injuries, death or property damage or loss caused from the placing or fixing any such sign or advertisement.

4.04 INTENTIONALLY DELETED.

4.05 Building Perimeter Security. The Tenant, at its sole cost, shall arrange and provide all security reasonably required by the Tenant to secure and monitor the perimeter of the Building, and may restrict access for security purposes.

4.06 Not to Affect Landlord's Insurance. The Tenant shall not do or permit to be done, or omit to do, on the Leased Premises anything which will directly or indirectly cause the rate of insurance upon the Lands or any part thereof or any insurance arranged by the Landlord in its sole discretion, to be increased. If any insurance rate is thereby increased beyond the amount contemplated in Section 3.01(b)(ii), the Tenant will pay to the Landlord the amount by which any insurance premiums paid by the Landlord are increased. The Tenant will not store or permit to be stored upon the Premises anything of a dangerous, inflammable or explosive nature which would lead to the cancellation of insurance.

4.07 Preventing Cancellation. Except in the case of an emergency, upon no less than twenty-four (24) hours' notice to the Tenant, and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord, its employees or agents to enter the Leased Premises to remove any article or remedy any condition which, in the opinion of the Landlord reasonably arrived at, would be likely to lead to cancellation of any policy of insurance. Such entry by the Landlord will not be deemed to be a re-entry not a trespass. Alternatively, at its option and at the expense of the Tenant, the Landlord may rectify the situation causing such cancellation, whereupon this Lease shall remain in full force and effect. If any insurance policy is cancelled by any insurer by reason of the use and occupation of the Premises by the Tenant or by any assignee of the Tenant or anyone permitted by the Tenant to be on the Leased Premises, then unless the Tenant secures replacement coverage within ten (10) days after receipt of notice from the Landlord of anticipated cancellation of insurance, the Landlord may, at its option, terminate this Lease upon fifteen (15) further days written notice, and, thereupon all sums of money for which the Tenant is liable under this Lease will be paid by the Tenant in full to the date of expiration of such notice, and the Tenant will immediately deliver vacant possession of the Leased Premises to the Landlord and the Landlord may re-enter and take possession of same.

4.08 Compliance with City of Winnipeg Laws and Permits. The Tenant covenants that it shall comply with all City of Winnipeg By-laws and permits as such may be related to building occupancy in relation to the occupancy of the Leased Premises.

4.09 Access to Leased Premises by Landlord re: Grinder Control. The Landlord and the Tenant agree that one (1) specified agent or employee of the Landlord, being as at the date hereof David Savage (provided that for the periods that David Savage is away from work or on vacation, such person shall be Jared Shanowsky), shall have reasonable access to the Leased Premises for the purposes of accessing certain grinder controls in relation to certain equipment owned by the Landlord situated on the Lands, which controls are located on the Leased Premises, and the Landlord shall indemnify and hold the Tenant harmless from any and all damage and liability of any kind, whether sustained by the Tenant, its employees, agents or invitees, or to any third party, arising from the access of the Leased Premises by such agent of the Landlord from time to time pursuant to this Section 4.09, and the provisions of Article 9 of this Lease (being in relation to the Landlord's non-liability and an indemnification from the Tenant in favour of the Landlord) shall not apply to the exercise by the Landlord of the access permitted to an agent of the Landlord pursuant to this Section 4.09. Should at any time the Landlord wish to specify an alternate agent or employee to access the Leased Premises pursuant to this Section 4.09, such alternate specified agent or employee shall only be permitted access to the Leased Premises upon the consent in writing from the Tenant, acting reasonably.

ARTICLE 5 - ASSIGNING, SUB-LETTING AND ENCUMBERING

5.01 Landlord's Consent. The Tenant shall not assign or sublet all or any part of the Leased Premises without the prior written consent of the Landlord, such consent not to be unreasonably withheld. Provided, however, that any leave to assign or sublet given by the Landlord shall not relieve the Tenant from its obligations to pay rent and any other monies provided for in this Lease or for the observance and performance of all of the covenants, terms and conditions herein. If the Tenant is a corporation, any change in ownership or control of such corporation shall be deemed to be a proposed assignment or subletting of the Leased Premises and shall require the Landlord's consent thereto, such consent not to be unreasonably withheld.

5.02 Landlord's Rights of Termination. If the Tenant requests the Landlord's consent to any assignment or subletting of the whole or any part of the Leased Premises, such request shall be accompanied by the name and address of the proposed assignee or Tenant together with such information as to the nature of the business and financial responsibility and standing of such proposed assignee or Tenant as the Landlord may reasonably require in order to make a reasoned determination as to the acceptability of the assignee or Tenant. In addition, the Tenant shall provide the Landlord with a copy of the proposed assignment or Lease. Subject as hereinafter provided, within fifteen (15) days after receipt of the foregoing information and any and all information the Landlord may reasonably require in order to make its determination, the Landlord may elect to terminate (unless the transfer is to a Permitted Transferee) this Lease by giving to the Tenant a notice of its intention to so terminate and fixing a date of termination which will be the same as the proposed effective date of the assignment or subletting. Upon receipt of such notice in which Landlord shall further specify that the Tenant shall have five (5) business days within which to withdraw its request for such consent, failing which the Tenant shall deliver vacant possession of the Leased Premises to the Landlord on such date of

termination and this Lease shall thereupon terminate and be at an end (except to the extent that any monies may at such date be due and owing by the Tenant to the Landlord). If the Landlord does not elect to terminate as aforesaid, the Landlord shall either consent in writing to the proposed assignment or subletting not later than the expiration of the said fifteen (15) day period or, in the event that the Landlord does not consent in writing, it shall be deemed to have refused such consent.

5.03 Disposition of Lands and Premises. Any sublease, assignment, transfer or other disposition of the Premises made or given by the Landlord shall, to the extent that a lessee or transferee assumes the obligations of the Landlord hereunder, without any further written agreement, relieve the Landlord from further continuing liability under this Lease, provided that the Landlord shall continue to be responsible for liabilities incurred prior to such disposition to the extent that same are not assumed by such lessee or transferee.

ARTICLE 6 - COMPLIANCE WITH LAWS, BUILDERS' LIENS

6.01 Compliance with Laws. The Tenant during the Term, at its own expense, will promptly comply, and will cause its employees, agents, licensees, invitees and other persons on or about the Leased Premises to comply with the requirements of every published law (including without limitation, all licensing laws pertaining to the Permitted Use, and all Environmental Laws as set out in Section 6.02), rule, by-law, regulation, order, direction, ordinance and standard of every competent federal, provincial, municipal, regional and other statutory authority in force during the Term and concerning or affecting the condition, maintenance, use and occupation of the Leased Premises and all improvements, appurtenances, equipment, machinery and other facilities from time to time therein, thereon or used in connection therewith and the making of any repairs, replacements and alterations to the Leased Premises and with every applicable regulation, order and requirement of the Canadian Fire Underwriters Association or any successor body having similar functions and of any liability or fire insurance company by which the Landlord and Tenant or either of them may be insured at any time during the Term, and, in so doing, the Tenant, subject to Article 7 hereof, will make any necessary alterations, repairs, additions or deletions in, on or to the Leased Premises, improvements or appurtenances or any part or parts thereof, and any equipment, machinery or other facilities in, on, upon, used in connection with or appurtenant to the Premises or any part thereof. For greater certainty, the Tenant shall obtain any Occupancy Permits required for use of the Leased Premises.

6.02 Compliance with Environmental Laws. The Tenant warrants and represents that at all times during the Term the Tenant will be in compliance with all Environmental Laws. The Tenant hereby assumes any and all duties, obligations or liabilities under any Environmental Laws in respect of the Leased Premises, including but not limited to any costs, expenses or liabilities for any remedial action to the common areas of the Building which results from Tenant's or any of the Tenant's employee's, agent's, representative's or invitee's acts or omissions thereon.

6.03 Builders' Liens. The Tenant will not suffer or permit any lien under The Builders' Liens Act or like statute to be registered against the title to the Lands, or the interest of the Landlord therein, by reason of work, services or materials supplied or claimed to have been supplied to the Tenant or anyone holding any interest through or under the Tenant. If any such lien is registered,

the Tenant will do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Tenant. If the Tenant desires to contest in good faith the amount or validity of any lien and has so notified the Landlord, and if the Landlord has paid into the court of competent jurisdiction to the credit of any lien action the amount of the lien claimed and costs, then the Tenant may contest the claim with due diligence, provided always that neither the Leased Premises nor the Tenant's leasehold interest therein shall thereby become liable to forfeiture or sale.

ARTICLE 7 - REPAIRS, MAINTENANCE AND ALTERATIONS

7.01 Repair and Maintenance by Landlord. The Landlord shall, at all times throughout the Term, maintain, repair, replace or cause to be maintained, repaired, or replaced as would a prudent Landlord of a reasonably similar building, the Lands and Building (including the Leased Premises), including snow removal, landscaping, green spaces, sidewalks, driveways and parking areas, the cost of which is included in the Rent. Notwithstanding the foregoing, if the Landlord is required to perform such maintenance or make such repairs as a result of or by reason of:

- (a) any damage to the Building or Lands caused by the Tenant's operations therein, including, without limitation, any damage caused by excess moisture, humidity, heat or mold; or
- (b) any upgrades to the Building required by the Tenant's operations therein, including without limitation related to the any above average use of heating systems, cooling systems, electricity or water; or
- (c) any other act, omission, neglect or default of the Tenant, or those for whom the Tenant is responsible in law;

the Tenant shall be liable and responsible for the total cost of any such maintenance and repairs plus an amount equal to ten (10%) percent of the Landlord's total cost of such repairs, which shall together immediately be due and payable to the Landlord upon receipt of an invoice to that effect provided that the Landlord demonstrates the act omission, neglect or default.

7.02 Inspection and Emergencies. The Landlord's representatives may enter upon the Leased Premises at all times upon forty-eight hours' notice to Tenant and any time during any emergency without notice to inspect the state of repair and maintenance.

7.03 Alterations. Notwithstanding anything contrary in this Lease, the Tenant will not make to or erect in the Leased Premises any installations, alterations, additions or partitions without having received the prior written approval of the Landlord to the plans and specifications and any variation or amendment thereof, which approval is not a substitute for the approval of any relevant statutory authority. The Landlord will be entitled to recover, as Rent from the Tenant, the Landlord's reasonable costs of having its architects and engineers examine such plans and specifications but such costs must be approved by Tenant prior to being incurred by Landlord.

7.04 Landlord's Repairs and Alterations. Subject to Section 7.01 and the Landlord's right to elect not to rebuild in the event of damage or destruction, the Landlord, throughout the Term, will make all necessary repairs to the Leased Premises provided that such repairs are not the responsibility of the Tenant. All such repairs which the Landlord is obliged to make pursuant to this Article shall be at the cost of the Landlord, and be made in a good and workmanlike manner and the Landlord shall use commercially reasonable efforts to ensure all such repairs on done on a timely basis. The Landlord shall have the right to make additions to and (or) improvements or installations in and (or) repairs to the Leased Premises and in this regard shall make all reasonable efforts not to interfere with Tenant's business operations. The Landlord and any persons authorized by the Landlord shall have the right to use, install, maintain and (or) repair pipes, wires, ducts or other installations and services in, under or through the Leased Premises for or in connection with the supply of any services to any of the Leased Premises, to make such repairs, alterations, improvements or additions to such installations and services as it may deem advisable and the Landlord or any person authorized by the Landlord shall be allowed to take all material into and upon the Leased Premises that may be required therefore but shall at all times seek to minimize any consequential interruption to Tenant's business operations.

ARTICLE 8 - SURRENDER OF PREMISES AND REMOVAL OF FIXTURES

8.01 Surrender. Subject to Section 8.03 hereof, upon the expiration or earlier termination of this Lease or the Term and any period of overholding, the Tenant will surrender to the Landlord possession of the Leased Premises, broom swept, in good order, condition and repair (reasonable wear and tear excluded), free and clear of all encumbrances and claims by or through the Tenant or any creditor of the Tenant, and all the rights of the Tenant under this Lease will terminate (but the Tenant, notwithstanding such termination, will remain and be liable to the Landlord for any loss, damage, expenses or costs suffered or incurred by the Landlord by reason of any default by the Tenant).

8.02 Document of Surrender. If this Lease and the Term are terminated for any reason, the Tenant will execute and deliver to the Landlord any and all documents reasonably required to surrender this Lease.

8.03 Removal of Fixtures. Provided that the Tenant is not in default hereunder, the Tenant may, at the expiration of the Term, remove from the Leased Premises any of its trade fixtures. If the Tenant damages the Leased Premises during such removal the Tenant will immediately make good such damage. In no event will the Tenant remove from the Leased Premises any building or any plumbing, heating, air-conditioning, ventilation or automatic door systems, electrical or ventilating plant or equipment, or other building services; provided that the Landlord will be entitled upon the expiration or earlier termination of this Lease to require the Tenant to, and the Tenant shall, remove its installations, alterations, additions, partitions and fixtures and anything in the nature of improvements made or installed by the Tenant or by the Landlord on behalf of the Tenant to or in the Leased Premises, or any of them, and to make good any damage caused to the Leased Premises by such removal.

ARTICLE 9 - LIABILITY AND INDEMNIFICATION

9.01 Non-Liability of Landlord. Except for the negligence of the Landlord, the Tenant agrees that the Landlord will not be liable or responsible in any way for any personal injury that may be sustained by the Tenant or any employee or customer of the Tenant, or of any other person who may be upon the Leased Premises, or on the sidewalks, parking areas, highways or loading areas adjacent thereto, or for any loss of or damage or injury to, property belonging to or in the possession of the Tenant or any employee, invitee, agent or customer of the Tenant or any other person, and without limiting the generality of the foregoing, the Landlord will not be responsible in any way for any injury, loss or damage to person or property caused by smoke, steam, water, ice, rain, snow or fumes which may leak, issue or flow into, through, or from the Leased Premises or from the water sprinkler, drainage or smoke pipes or plumbing equipment therein or from any other place or quarter or caused by or attributable to the condition or arrangement of any electrical or other wiring or the air-conditioning equipment, or, for any matter or thing of whatsoever nature or kind arising from the Tenant's use and occupation of the Leased Premises or otherwise.

9.02 Indemnification. The Tenant shall indemnify, defend and hold the Landlord harmless, and the Landlord's officers, directors, partners, members, shareholders, employees and agents from and against any and all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses imposed upon or incurred by or asserted against them by reason of:

- (a) any use and/or occupancy of the Leased Premises by the Tenant;
- (b) the conduct of any business by the Tenant on the Leased Premises;
- (c) any activity, work or things done or permitted or suffered on behalf of the Tenant on the Leased Premises, including without limitation, any generation, use, handling, storage, transportation, or disposal of hazardous materials, or violation of any Environmental Laws by the Tenant or its invitees on the Lands or in the Leased Premises;
- (d) any injury to any person, including death resulting at any time therefrom, occurring in or about the Leased Premises;
- (e) the breach, default, violation or non-performance by the Tenant of any covenant, condition or agreement set forth in this Lease;
- (f) the negligence and/or willful misconduct of the Tenant or any of its agents, contractors, or employees; and/or
- (g) any matters referred to in Section 10.01 hereof,

except in respect of any of the foregoing that arise as a result of the negligence, wilful misconduct or fraud of the Landlord.

9.03 Survival of Indemnification. The indemnifications set forth in Section 9.02 shall survive any termination of this Lease, notwithstanding anything herein to the contrary.

ARTICLE 10 – INSURANCE

10.01 Tenant's Insurance. The Tenant will purchase and keep in force throughout the Term:

- (a) Insurance for all leasehold improvements;
- (b) Insurance for the obligation of the Tenant to make repairs to the Leased Premises in the event of:
 - (i) negligence of the Tenant, its employees, agents, licensees or invitees; or
 - (ii) any forced entry or attempted forced entry; and
- (c) Comprehensive general liability insurance (including without limitation, Tenant's All Risk liability and contractual liability to cover the responsibilities assumed under this Lease) in the minimum amount of \$5,000,000 against damage or loss by reason (or on account of) bodily injuries to or the death of any person or the destruction of or damage to the property of any person occurring on or about the Leased Premises or the Lands at the invite, request or on behalf of the Tenant (or such greater limits as the Landlord may from time to time reasonably request).

10.02 Landlord as Insured. The Tenant shall cause each of its policies to contain an undertaking by the insurer(s) to notify the Landlord at least thirty (30) days prior to cancellation. All policies (excluding the policy on stock and fixtures) will include the Landlord as an additional insured with cross-liability clauses, where appropriate.

10.03 Policies. The Tenant will furnish to the Landlord copies of insurance certificates in lieu thereof, and will provide written notice of the continuation of such policies not less than 10 days prior to their respective expiry dates. The Tenant will pay the premium for each policy. If the Tenant fails to purchase or keep in force such insurance the Landlord may, but shall not be obligated to, effect such insurance, the cost thereof recoverable from the Tenant forthwith on demand as Rent hereunder.

10.04 Insurance Waiver. Each of the Landlord and the Tenant hereby waives its right to claim compensation from the other to the extent of the amount of compensation received by the Landlord or Tenant, as the case may be, under any policy of insurance that such party has taken out, in respect of damages caused by the act, omission or negligence of the other of them, or caused by those for whom same is in law responsible.

ARTICLE 11 - DAMAGE OR DESTRUCTION

11.01 Damage to or Destruction of Leased Premises. If the Leased Premises shall be damaged by fire or other casualty for which the Tenant has it insured, the Landlord shall be entitled to all of the proceeds of such insurance, excluding insurance proceeds applicable to damage to

Tenant's fixtures, improvements and personal property. If the Leased Premises are damaged by fire or other casualty but the Leased Premises are not thereby rendered untenable in whole or in part, the Landlord shall cause the damage to the Leased Premises, to be repaired and the Rent shall not abate. If by reason of such occurrence the Leased Premises shall be rendered untenable only in part, the Landlord shall cause the damage, excluding damage to Tenant's fixtures and improvements, to be repaired and the Rent meanwhile shall abate proportionately until such time that the Tenant can resume its normal operations. If the Leased Premises shall be rendered wholly untenable by reason of such occurrence the Landlord shall cause such damage, excluding damage to Tenant's fixtures and improvements, to be repaired, and the Rent shall abate until the Leased Premises have been restored and rendered Tenable; or if the Leased Premises cannot reasonably be repaired and made useable within a period of sixty (60) days the Landlord or the Tenant may, at their respective sole election, terminate this Lease and the tenancy hereby created by giving to the other party within thirty (30) days following the date of said occurrence, written notice of their election so to do and in the event of such termination Rent shall be adjusted as of the date of said occurrence.

It is understood and agreed that nothing contained in this Section shall obligate the Landlord to rebuild the Leased Premises or any part thereof, according to original plans and specifications, but in the event that such rebuilding takes place, the rebuilt Leased Premises will be of a general size and quality comparable to or better than that which existed prior to such damage.

ARTICLE 12 - LANDLORD'S COVENANTS

12.01 Quiet Enjoyment. If the Tenant punctually pays the sums due under this Lease and complies with its obligations under this Lease, the Tenant shall peaceably possess and enjoy the Leased Premises during the Term without any interruption or disturbance from the Landlord or any person or persons claiming by, through or under the Landlord except as otherwise may be provided pursuant to this Lease.

ARTICLE 13 -DEFAULT AND BANKRUPTCY

13.01 Landlord may Perform Covenants. If the Tenant makes default in any of its covenants and agreements herein, then the Landlord, without limiting any other remedy which it may have, will have the right to remedy any such default and for such purpose, except in the case of an emergency when no notice is required, upon no less than twenty-four (24) hours' notice to the Tenant, and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord to enter upon the Leased Premises. No entry for such purpose will be deemed to cause a forfeiture or termination of this Lease. In order to cure such default and such things as may be incidental thereto, including, without limitation, the right to make repairs and to expend monies. The Tenant will reimburse the Landlord forthwith upon demand as Rent hereunder the aggregate of all costs, charges and expenses incurred by the Landlord in remedying any such default plus ten (10%) percent of same. The Landlord will be under no obligation to remedy any default of the Tenant, and will not incur any liability to the Tenant for any action or omission in the course of its remedying or attempting to remedy any such default unless such act amounts to intentional misconduct or gross negligence on the part of the Landlord.

13.02 Rights of Termination. This Lease may be terminated by the Landlord if and whenever:

- (a) the Tenant shall fail to pay Rent when it is due and such breach shall continue for a period of ten (10) days after notice to the Tenant of such failure; or
- (b) the Tenant shall fail to observe, perform and keep any one or more of the covenants, provisions or stipulations (other than such as relate to payment of any part of the Rent) to be observed, performed or kept by the Tenant hereunder and if such failure shall continue for a period of twenty-one (21) days after notice to the Tenant of such failure or such longer period as required given the circumstances; or
- (c) the Tenant makes an assignment for the benefit of creditors or becoming bankrupt or insolvent takes the benefit of, or becomes subject to any statutes that may be in force relating to bankrupt or insolvent debtors; or
- (d) any certificate or order is made or granted for the winding-up or dissolution of the Tenant, voluntarily or otherwise; or
- (e) if the Leased Premises at any time during the Term become vacant in consequence of abandonment by the Tenant or the removal of the Tenant by legal process for non-payment of Rent, breach of covenant or any other cause; or
- (f) any insurance policy insuring the Leased Premises of the Landlord is cancelled or revoked or is refused by reason of the use and occupation of the Leased Premises or any part thereof and same is not replaced by the Tenant within five (5) days of receipt of notice by the Tenant of such cancellation;

then in any of the above said cases (collectively, “**Events of Termination**”, and each individually, an “**Event of Termination**”), at the option of the Landlord, the Term shall become forfeited and void and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord, to re-enter the Leased Premises or any part thereof in the name of the whole and repossess and enjoy the same as of its former estate. Such forfeiture shall be wholly without prejudice to the right of the Landlord to recover arrears of Rent or damages for any antecedent breach of the Tenant's covenants, obligations or agreements under this Lease, and provided that notwithstanding any such forfeiture the Landlord may subsequently recover from the Tenant damages for loss of Rent suffered by reason of this Lease having been forfeited and void as aforesaid. No such re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on the part of the Landlord to terminate this Lease unless at the time of or subsequent to such re-entry or taking up possession written notice of such intention has been given to the Tenant or such termination is decreed by a court of competent jurisdiction.

13.03 Waiver with Respect to Re-entry. If the Landlord does not exercise its option under the preceding Section 13.02 to terminate this Lease it may in addition to any remedies available to

the Landlord herein, or at law or in equity, from time to time, except in the case of an emergency upon no less than twenty-four (24) hours' notice to the Tenant, and subject to all applicable laws and regulations in respect of the Leased Premises, re-enter the Leased Premises without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Leased Premises as agent of the Tenant for such period or periods (which may extend beyond the Term) and at such rentals and upon such terms and conditions as the Landlord in its sole discretion may deem advisable. All reasonable expenses as the Landlord may incur in reletting the Leased Premises, including legal fees and disbursements and real estate fees and commissions and expenses of preparing the Leased Premises for reletting shall be paid by the Tenant to the Landlord forthwith on demand. Upon such reletting rent received by the Landlord shall be applied first to the payment of said reasonable expenses, second to the payment of any indebtedness (other than Rent) due from the Tenant to the Landlord, and third, to the payment of Rent. The residue, if any, shall be held by the Landlord and applied in payment of future rent as the same may become due and payable. If rentals received from such reletting during any month are less than that to be paid during that month by the Tenant hereunder, the Tenant shall forthwith pay any such deficiencies to the Landlord. No re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention has been given to the tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, the Landlord may at any time thereafter elect to terminate this Lease by reason of such previous event. Should the Landlord at any time terminate this Lease by reason of any such event, in addition to any other remedies it may have, it may recover from the Tenant all damages it may incur with respect thereto including the cost of recovering the Leased Premises and the worth at the time of such termination of the excess, if any, of the amount of Rent, for the remainder of the Term, all of which Rent shall be immediately due and payable from the Tenant to the Landlord.

13.04 Right to Distrain. Upon the happening of an Event of Termination, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or at law, at its option, subject to the provisions of *The Landlord and Tenant Act* (Manitoba) as amended from time to time, *The Distress Act* (Manitoba) as amended from time to time, and all applicable laws and regulations in respect of the Leased Premises enter the Leased Premises and distrain upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant.

13.05 Remedies of Landlord are Cumulative. The remedies of the Landlord under this Lease are cumulative and are in addition to any remedies of the Landlord at law or in equity. No remedy will be deemed to be exclusive and the Landlord may from time to time have recourse to one or more of all of the available remedies specified herein or at law or in equity.

13.06 Bankruptcy. In the event of default pursuant to Subsection 13.02(c) then the current and next ensuing three (3) months' Rent shall become due and payable.

ARTICLE 14 - IMPOSSIBILITY OF PERFORMANCE

14.01 Non-performance by Landlord. Whenever the Landlord or the Tenant are unable to fulfill any obligation hereunder in respect of the provision of any service, utility, work or repairs

by reason of being unable to obtain the materials, goods, equipment, service, utility or labor required to enable it to fulfill such obligation or by reason of any law or regulation or by reason of any other cause beyond its reasonable control, the Landlord or the Tenant, as the case may be, will be entitled to extend the time for fulfillment of such obligation by a time equal to the duration of the delay or restriction. The Tenant will not be entitled to any compensation for any inconvenience, nuisance or discomfort thereby occasioned, or to cancel this Lease.

ARTICLE 15 – OVERHOLDING

15.01 Overholding. If the Tenant remains in possession of the Leased Premises after the expiration of this Lease and without the execution and delivery of a new lease and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord to re-enter upon the Leased Premises and take possession of the Leased Premises and remove the Tenant therefrom through applicable legal proceedings; PROVIDED THAT while the Tenant remains in possession after the expiration of this Lease, and the Landlord accepts Rent, the tenancy, in the absence of written agreement, will be from month to month only at a rental per month equal to two (2) times the Rent payable in respect of the month immediately preceding expiration of this Lease payable in advance on the 1st day of each month and shall be subject to all terms of this Lease, except that the tenancy will be from month to month and a tenancy from year to year will not be created by implication of law.

ARTICLE 16 – MISCELLANEOUS

16.01 Waiver. No waiver of any default will be binding unless acknowledged in writing by the Landlord. No waiver shall apply to any subsequent default unless acknowledged in writing by the Landlord.

16.02 Condoning. Any condoning, excusing or overlooking by the Landlord of any default will not operate as a waiver of the Landlord's rights hereunder in respect of any subsequent default.

16.03 Subordination. Provided that the Landlord delivers to the Tenant an undertaking by the mortgagee not to disturb the occupancy of the Leased Premises by the Tenant pursuant to this Lease for as long as the Tenant is in good standing hereunder and pays the Rent to such mortgagee after receipt of written notice from such mortgagee, this Lease will be subject, subordinate and postponed to all mortgages (including any deed of trust and mortgage securing bonds and all indentures supplemental thereto) which may hereafter charge or affect the Lands and to all renewals, modifications, consolidations, replacements and extensions of such mortgages. Subject to receiving a non-disturbance agreement addressed to the Tenant, the Tenant agrees to execute promptly any document in confirmation of such subordination and postponement which the Landlord or the owner of the Lands may request, including a postponement of any filing or registration at the Winnipeg Land Titles Office.

16.04 Acknowledgement by the Tenant. The Tenant will execute within fifteen (15) business days of receipt thereof, a certificate (which may be referred to as an Estoppel Certificate) in favour of any prospective mortgagee or purchaser of the Landlord certifying the status of this Lease, any modifications or breaches of this Lease, and the status of the rent account, all with the

intent that any such acknowledgement or certificate may be relied upon by any party to whom it is directed.

16.05 Severability. If any provision of this Lease is illegal or invalid or unenforceable at law it will be deemed to be severed from this Lease and the remaining provisions will nevertheless continue to be in full force and effect.

16.06 Headings. All headings in this Lease are inserted for convenience of reference only and will not affect the construction and interpretation of this Lease.

16.07 Representations and Entire Agreement. The Tenant acknowledges and agrees that the Landlord has made no representations, covenants, warranties, guarantees, promises or agreements (verbal or otherwise) with the Tenant other than those contained in this Lease; that no agreement collateral hereto will be binding upon the Landlord unless made in writing and signed by the Landlord; and, that this Lease constitutes the entire agreement between the Landlord and Tenant. The parties agree that the preambles to this Lease are considered essential parts of this Lease and are considered incorporated into this Lease. The Tenant acknowledges that it is relying upon its own inspection and knowledge of the Leased Premises and that there are no other representations, conditions, warranties, or collateral agreements of any kind in regard to the matters addressed by this Lease other than as expressed in this Lease.

16.08 Notices. Any notice, or request or demand herein provided or permitted to be given hereunder, shall be sufficiently given if personally served, or mailed by registered mail as follows:

(a) to the Landlord: 6599362 CANADA LTD.
Attn: Trish Calnek
125 Furniture Park
Winnipeg, MB R26 1B9

(b) to the Tenant: DELTA 9 BIO-TECH INC.
Attn: John Arbuthnot
760 Pandora Avenue East
Winnipeg, MB, R2C 3N1
Fax: (204) 975-9396

Any notice mailed as aforesaid shall for the purposes of this Lease be presumed to have been given one (1) business day following the date on which such notice is delivered or three (3) business days following the day on which such notice is mailed as aforesaid. Provided that, in the event of any actual or imminent postal disruption, notices shall be delivered to the appropriate party and not sent by mail. Any party may at any time give notice in writing to the others of any change of address, and after the giving of such notice the address therein specified will be deemed to be the address of such party for the purpose of giving notices hereunder.

16.09 Time of Essence. Time will be of the essence of this Lease.

16.10 Relationship. Nothing herein contained will at any time create or be construed as creating a joint venture, partnership or relationship between the parties other than that of Landlord and Tenant.

16.11 Governing Law. This Lease will be construed and governed by the laws of the Province of Manitoba.

16.12 Plurality and Gender. Words in the singular will include the plural and words in the masculine gender will include feminine and neuter genders where the context so requires.

16.13 Counterparts. This Lease may be executed in counterparts and transmitted by facsimile signature, and the counterparts and transmissions together shall be deemed to constitute an original.

[Signature Page Follows]

IN WITNESS WHEREOF the parties have executed this Lease as of the date first above written.

6599362 CANADA LTD.

Per: 
Name: Andrew De Felice
Title: Director

DELTA 9 BIO-TECH INC.

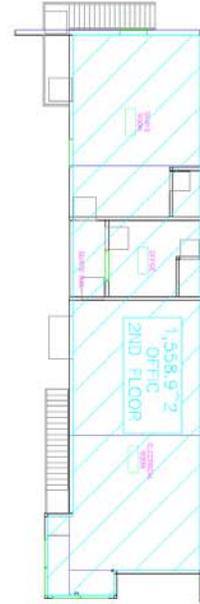
Per: 
Name: BILL ARDUHN
Title: PRESIDENT

Per: _____
Name:
Title:

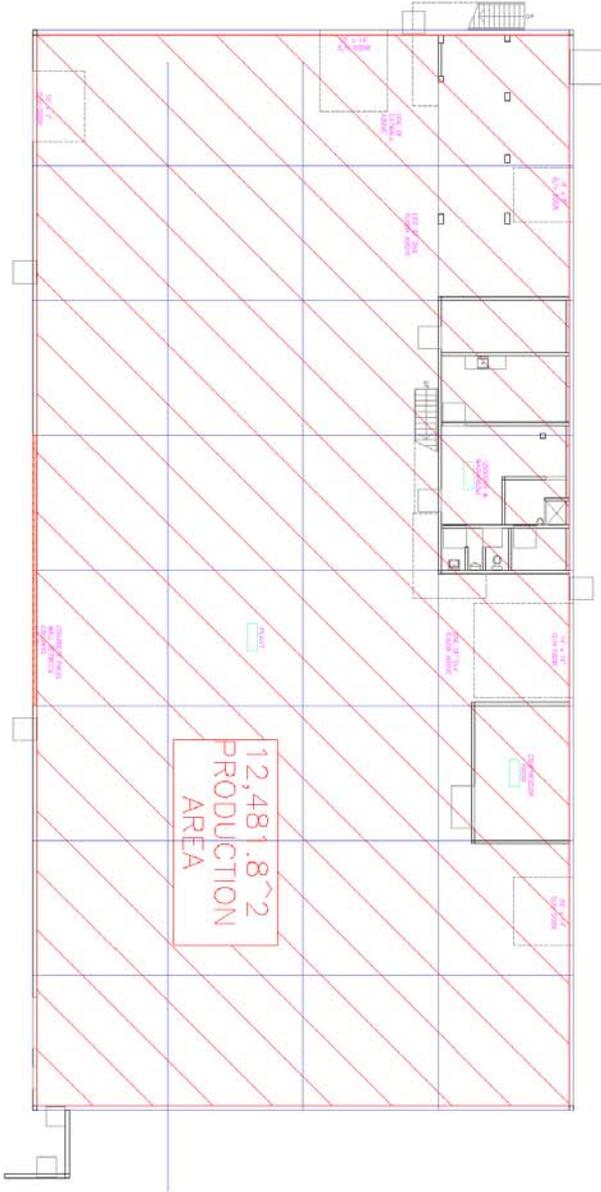
Per: _____
Name:
Title:

SCHEDULE "A"

[attach sketch]

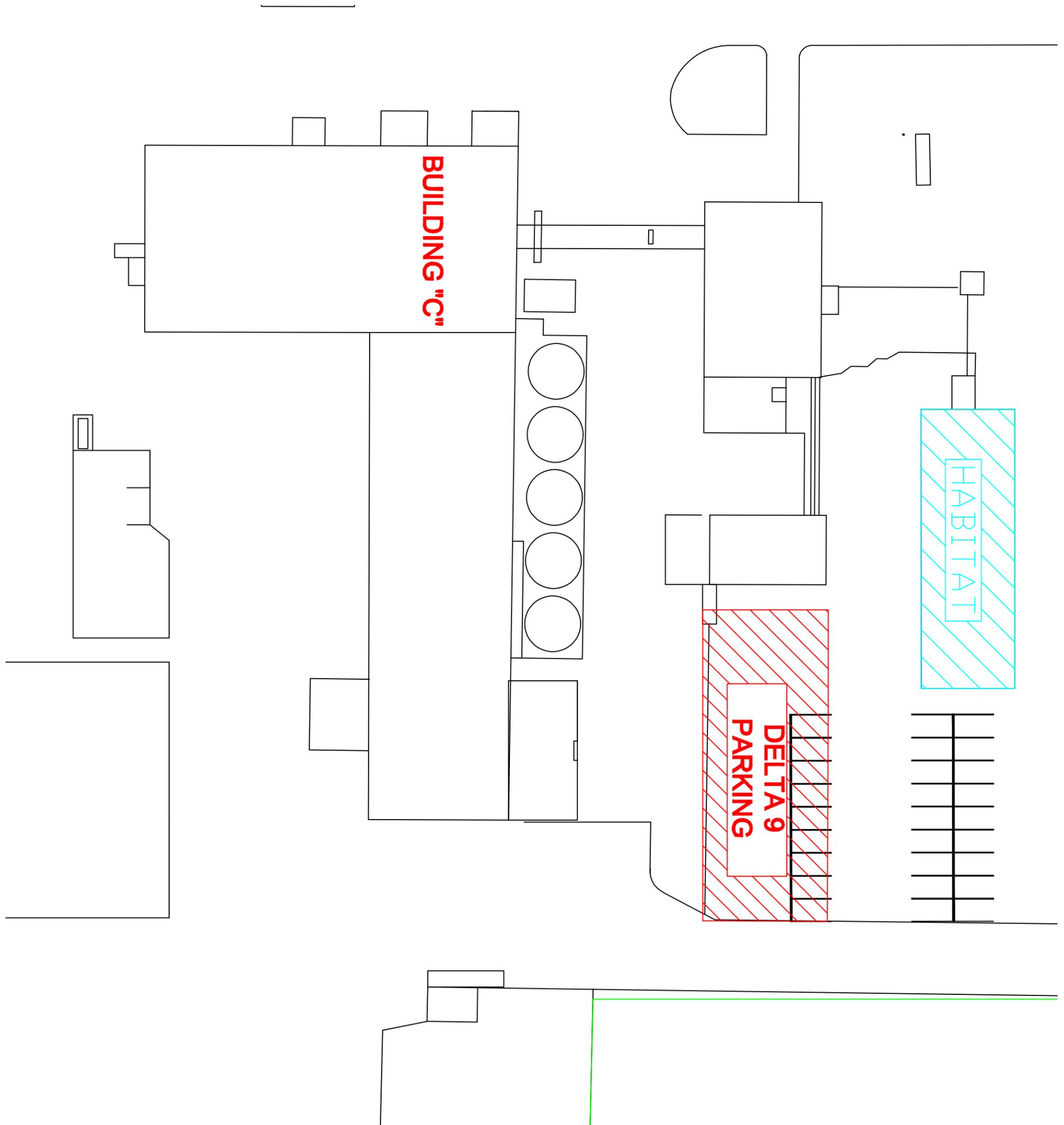


PRODUCTION AREA (PLANT)-12,481.8~2
OFFICE 2ND FLOOR-1,558.9~2
TOTAL=14,040.7~2



SCHEDULE "B"

[attach sketch]



Schedule "B"

Consent and Agreement

In consideration of the payment of ten dollars (\$10.00) by CFCU to the Landlord, and for other valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Landlord hereby consents to the within Mortgage of Lease by Way of Sublease and agrees with CFCU that:

1. It hereby acknowledges receipt of a copy of the Mortgage of Lease by Way of Sublease to which this Consent and Agreement is attached.

2. Concurrently with providing notice of any default under the Lease to the Mortgagor, the Landlord shall give CFCU notice of any default under the Lease and, notwithstanding any such default, CFCU shall have the right, but not the obligation, within twenty (20) days of the receipt of such written notice to: (i) remedy all such defaults; or (ii) remedy all such defaults and, by written notice to the Landlord, assume the Lease upon the same terms and conditions as applied in the case of the Mortgagor. CFCU may at any time thereafter terminate any further obligations of CFCU pursuant to the Lease by giving the Landlord one (1) month written notice of its intention to so terminate its obligations.

3. Notwithstanding any provision of the Lease to the contrary, if the Lease is assumed by CFCU in accordance with and to the extent provided by the foregoing section of in the Mortgage of Lease by Way of Sublease to which this Consent and Agreement is attached, CFCU may attempt to locate a tenant to replace the Mortgagor as tenant of the Leased Premises and submit any proposed assignee of the Lease to the Landlord for the Landlord's consent thereto, in accordance with the provisions of the Lease (including without limitation, the Landlord's ability to terminate the Lease at its option pursuant to Section 5.02 of each of the leases set forth on Schedule "A"), which consent shall not otherwise be unreasonably withheld. Subject to the provisions of Section 5.02 thereof, any such assignment of Lease to such assignee shall not, in and of itself, terminate the Lease. Upon assignment of the Lease to such assignee, all obligations of CFCU to the Landlord under this Agreement and under the Lease shall cease. If CFCU has obtained a mortgage of the Lease from such assignee, the provisions of this Agreement shall thereafter apply to that mortgage of lease, with the assignee substituted as Mortgagor hereunder.

4. If the Mortgagor defaults under the terms of any of the agreements between the Mortgagor and CFCU and CFCU intends to demand payment and realize on its security (a "Financing Default"), CFCU shall notify the Landlord within thirty (30) days of the Financing Default of CFCU's intentions in connection with the Leased Premises, and the Landlord shall allow CFCU or any receiver and manager or agent appointed pursuant to CFCU's security:

- (a) to enter into or remain in possession of the Leased Premises in accordance with Section 2 of this Consent and Acknowledgement (including the remedy of any outstanding default under the Lease);
- (b) to assign all the Mortgagor's right (prior to forfeit of the Lease), title and interest in and to the Lease and the Leased Premises to any assignee (subject to Section 5.02 of the

applicable lease, with the consent of the Landlord with respect to such assignee, which consent shall not be unreasonably withheld). Upon assignment of the Lease to such assignee, all obligations of CFCU to the Landlord in respect of such Lease, if any, shall cease; and/or

- (c) to enter into the Leased Premises and remove any and all chattels/fixtures of the Mortgagor over which CFCU has a security interest.

5. Notwithstanding anything to the contrary contained in the Lease, the Landlord hereby consents to the registration of the Lease by way of caveat (in such form and content as approved by the Landlord acting reasonable, provided that no financial details of the Lease are disclosed therein) and a caveat giving notice of the Mortgage of Lease by Way of Sublease to which this Consent and Agreement is attached against title to the Leased Premises.

6. The Landlord hereby subordinates any interest which it may now have or hereafter acquires in the chattels/fixtures to and in favour of CFCU's present and future interest therein and, as against CFCU, releases any right to distrain the chattels/fixtures.

7. The Landlord will notify any purchaser of the Leased Premises and any subsequent landlord or other encumbrance holder of the existence of this Consent and Agreement, which shall be binding upon the successors, transferees or assignees of the Landlord and shall inure to the benefit of the successors and assigns of CFCU.

8. Upon any sale, lease, transfer or other disposition of the Leased Premises, the Landlord shall arrange for an instrument in writing to be executed by any purchaser of the Leased Premises, which instrument shall acknowledge that such purchaser shall observe each of the obligations under this Consent and Acknowledgement as though it were an initial party.

9. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Mortgage of Lease by Way of Sublease to which this Consent and Agreement is attached.

10. Any notice or other communication required or permitted to be made or given shall be in writing and shall be deemed sent three (3) days after being sent by courier to the address specified below:

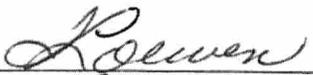
If to the Landlord:
6599362 Canada Ltd.
c/o 125 Furniture Park
Winnipeg, MB R261B9
Attention: President

If to CFCU:
P.O. Box 908
Calgary, AB T2P 2J6

[Signature page follows.]

DATED the 22 day of March, 2022.

6599362 CANADA LTD.

Per: 
Name: Irene Loewen
Title: President

MORTGAGE OF LEASE BY WAY OF SUBLEASE

THIS MORTGAGE OF LEASE BY WAY OF SUBLEASE is made as of the 14 of March, 2022.

BETWEEN:

DELTA 9 BIO-TECH INC.
(herein called the "Mortgagor"),

OF THE FIRST PART,

- and -

CONNECT FIRST CREDIT UNION LTD.
(herein called "CFCU"),

OF THE SECOND PART.

In consideration of moneys which have been or may hereafter be lent by CFCU to the Borrower (as hereinafter defined), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Mortgagor and CFCU agree as follows:

1. **Definitions.** In this Mortgage:

- (a) "Borrower" has the meaning ascribed thereto in the Loan Agreement;
- (b) "Costs" means the fees, costs, charges and expenses of CFCU, including, without limitation, legal costs incurred by CFCU as between solicitor and his own client, incidental to:
 - (i) the preparation, execution and registration of this Mortgage and any other instruments connected herewith;
 - (ii) the collection, enforcement and realization of the security herein contained;
 - (iii) procuring payment of the Indebtedness;
 - (iv) any inspection required to be made of any of the premises comprising the Leased Premises;
 - (v) all necessary repairs required to be made to any of the premises comprising the Leased Premises;



- (vi) CFCU having to go into possession of the Leased Premises and secure, complete or equip any of the premises comprising the Leased Premises in any way in connection therewith;
- (vii) CFCU's renewal of any leasehold interest;
- (viii) the exercise of any of the powers of a receiver contained herein; and
- (ix) any examination of the Lease.

Costs shall:

- (i) be payable forthwith by the Mortgagor; and
 - (ii) be a charge on the Leased Premises;
- (c) "Event of Default" means any default under any provision of the Loan Agreement or any documents entered into in connection with the Loan Agreement;
 - (d) "Indebtedness" means all present and future indebtedness, obligations and liabilities of the Mortgagor, existing from time to time, to CFCU, whether direct indebtedness to CFCU or indebtedness under any present or future guarantee or similar obligation given to CFCU, and includes all interest, commissions, legal and other costs (including legal fees as between a solicitor and his own client), charges and expenses relating thereto;
 - (e) "Landlord" means 6599362 Canada Ltd.;
 - (f) "Leased Premises" means the lands and premises leased to the Mortgagor pursuant to the Lease;
 - (g) "Lease" means the lease set out in Schedule "A", as may be amended, replaced, amended and restated or superseded from time to time;
 - (h) "Loan Agreement" means the Loan Agreement dated February 1, 2022, among, *inter alia*, the Mortgagor, the Borrower and CFCU, as may be amended, replaced, amended and restated or superseded from time to time; and
 - (i) "Mortgage" means this Mortgage of Lease by way of Sublease;



2. **Mortgage of Lease.** The Mortgagor has, at the request of CFCU, agreed to give this Mortgage as continuing collateral security for payment of the Indebtedness. The Mortgagor hereby grants, transfers, assigns, charges, pledges, mortgages and sub-leases to and in favour of CFCU as and by way of sub-lease, all of its registered and (or) beneficial estate, title and interest in and to the Leased Premises, for and during the unexpired residue of the term of the Lease, except the last day thereof, and all other estate, term, right of renewal, option to purchase and other interest of the Mortgagor in the Lease, to secure the repayment of the Indebtedness and the performance of all of the obligations of the Mortgagor contained herein and in the Loan Agreement and any documents entered into in connection with the Loan Agreement. The Mortgagor hereby releases to CFCU all its claims upon the Lease and the Leased Premises until the Indebtedness has been repaid in full and extinguished and all of the obligations of the Mortgagor contained herein and in the Loan Agreement and any documents entered into in connection with the Loan Agreement have been performed; PROVIDED that the Mortgagor shall be entitled to its right of possession to the Leased Premises for so long as no Event of Default has occurred and is continuing.

3. **Representations, Warranties and Covenants of the Mortgagor.** The Mortgagor represents, warrants and covenants with CFCU that:

- (a) the Mortgagor will ensure payment of the Indebtedness as provided for in the Loan Agreement and any documents entered into in connection with the Loan Agreement and observe all provisos, conditions and agreements contained therein and in this Mortgage;
- (b) the Mortgagor has the right, power and authority to mortgage its interest in and to the Lease and the Leased Premises;
- (c) on an Event of Default, CFCU shall at its option have quiet enjoyment and quiet possession of the Leased Premises, free from all encumbrances;
- (d) the Mortgagor will, before or after default, execute such further assurances of the Leased Premises and do such other acts, at the Mortgagor's expense, as may be reasonably required by CFCU;
- (e) the Mortgagor agrees to assign to CFCU forthwith upon the request of CFCU as additional security for payment of the Indebtedness and the performance of the covenants contained in the Loan Agreement and any documents entered into in connection with the Loan Agreement and contained herein, any present or future sublease which may be granted by the Mortgagor as to the whole or any portion of the Leased Premises and agrees to deliver to CFCU executed copies of all such subleases at the written request of CFCU. The Mortgagor covenants to perform and comply with all sublessor's covenants contained in any subleases assigned by



the Mortgagor to CFCU. Notwithstanding the assignment or assignments of any sublease or subleases by the Mortgagor to CFCU, it is nevertheless declared and agreed that none of the rights or remedies of CFCU under this Mortgage shall be delayed or in any way hindered or prejudiced by such assignment or assignments or by any act of CFCU pursuant thereto;

- (f) neither the Mortgagor nor any other person has heretofore made, done, committed or suffered any act to encumber the Lease or any part thereof;
- (g) the Lease is a good, valid and subsisting lease and has not been surrendered, forfeited, amended or become void or voidable and the rents and covenants reserved have been duly paid and performed by the Mortgagor up to the date of signature by the Mortgagor;
- (h) the Mortgagor has done no act or been guilty of any omission or laches whereby the Lease has become in any way impaired or invalid;
- (i) during the continuance of this Mortgage, the Mortgagor will not amend, surrender or modify the Lease without the written consent of CFCU and will pay the rent reserved by the Lease and perform and observe all of the covenants, provisos and conditions contained in the Lease and on the Mortgagor's part to be performed and observed and hereby agrees to keep CFCU indemnified against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything relating thereto; and
- (j) the Mortgagor will stand possessed of the Lease and the Leased Premises for the last day of the term or of any renewal term granted by the Lease in trust for CFCU, and will assign and dispose thereof as CFCU may direct.

4. Remedies on Events of Default by the Mortgagor. It is hereby provided that:

- (a) on an Event of Default by the Mortgagor, CFCU may sell, transfer, assign, sublet or otherwise dispose of the entire right, title and interest of the Mortgagor in and to the unexpired term of years demised by the Lease or any part thereof including the interest of the Mortgagor in and to the Leased Premises by public auction or private sale for such price as can reasonably be obtained therefor and on such terms as to credit and otherwise and with such conditions of sale as it shall in its discretion deem proper, and in the event of any sale on credit or for cash or for part cash and part credit, CFCU shall not be accountable for or be charged with any moneys until actually received by it. CFCU may rescind or vary any contract of sale and may buy in and re-sell the right, title and interest of the Mortgagor in and to the Lease and the Leased Premises or any part thereof without being



answerable for loss occasioned thereby; and no purchaser shall be bound to enquire into the legality, regularity or propriety of any such action or be affected by notice of any irregularity or impropriety; and no lack of default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any such action hereunder. CFCU may take any such action without entering into actual possession of the Leased Premises or any part thereof and while in possession shall be accountable only for moneys which are actually received by it;

- (b) on an Event of Default by the Mortgagor, CFCU may occupy the Leased Premises to, *inter alia*, remove any personal property of the Mortgagor located at or on the Leased Premises from the Leased Premises whenever CFCU believes such removal is necessary to protect its security interests in such personal property; and
- (c) the Mortgagor hereby irrevocably appoints CFCU as the Mortgagor's substitute to be the Mortgagor's attorney during the continuance of this security. This appointment is coupled with an interest and shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Mortgagor for any reason. On an Event of Default, CFCU may, on behalf of the Mortgagor, assign the Lease and convey all of the Mortgagor's right, title and interest in and to the Lease and the Leased Premises and the last day of the term granted by the Lease as CFCU shall at any time direct and execute all agreements, documents and assurances as CFCU shall see fit in connection therewith or otherwise.

5. Appointment of Receiver. On an Event of Default by the Mortgagor, CFCU may in writing, appoint any person, whether an officer or employee of CFCU or not, to be a receiver of the Leased Premises and the rents and profits derived therefrom, and may remove the receiver so appointed and appoint another in his stead. The term "receiver" as used in this Mortgage includes a receiver and manager. The following provisions shall apply to this paragraph:

- (a) the receiver so appointed is conclusively the agent of the Mortgagor, and the Mortgagor shall be solely responsible for the acts or defaults and for the remuneration and expenses of the receiver. CFCU shall not be responsible in any way for any misconduct or negligence on the part of the receiver and may, from time to time, fix the remuneration of the receiver and be at liberty to direct the payment thereof from proceeds collected;
- (b) nothing contained herein and nothing done by CFCU or by the receiver shall render CFCU a mortgagor in possession or responsible as such;



- (c) all monies received by the receiver, after providing for payment of charges ranking prior to this Mortgage and for all applicable Costs, charges and expenses of or incidental to the exercise of any of the powers of the receiver as hereinafter set forth shall be applied in or towards satisfaction of the remaining Indebtedness;
- (d) the receiver so appointed shall have power to:
 - (i) take possession of and collect rents and profits from the Leased Premises and any additional or collateral security granted by the Mortgagor to CFCU and for that purpose may take proceedings, be they legal or otherwise, in the name of the Mortgagor or otherwise;
 - (ii) carry on or concur in carrying on the business which the Mortgagor is conducting on and from the Leased Premises and for that purpose, with court approval where required, borrow money on the security of the Lease and(or) any of the premises comprising the Leased Premises in priority to this Mortgage; and
 - (iii) lease all or any portion of the Leased Premises and for that purpose execute contracts in the name of the Mortgagor which said contracts shall be binding upon the Mortgagor;
- (e) the rights and powers conferred herein are supplemental to and not in substitution for any other rights which CFCU may have from time to time.

6. Release by CFCU. It is hereby agreed by the Mortgagor that CFCU may at its discretion at all times release any part or parts of the Lease or the Leased Premises or any other security or any surety for the Indebtedness or any portion thereof either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the Lease or the Leased Premises or any person from this Mortgage or from any of the covenants herein contained and without being accountable to the Mortgagor for the value thereof or for any money except that actually received by CFCU.

7. Payment of other Charges and Performance of other Obligations by CFCU. The Mortgagor hereby agrees that:

- (a) CFCU may satisfy any charge now or hereafter existing or to arise or be claimed upon the Lease or the Leased Premises and the amount so paid shall be added to the Indebtedness and bear interest as set forth in the Loan Agreement and shall be payable forthwith by the Mortgagor to CFCU and, in default of payment, the Indebtedness shall become payable and the remedies provided for herein may be



exercised forthwith without any notice. And in the event of CFCU satisfying any such charge or claim, it shall be entitled to all equities and securities of the person or persons so satisfied; and

- (b) if the Mortgagor shall refuse or neglect to renew the Lease or any renewals thereof granted hereafter, then, and as often as it shall happen, CFCU may effect such renewals in its own name or otherwise, and every renewal of the Lease or any part of the Leased Premises shall remain and be security to CFCU for the Indebtedness. All Costs in connection therewith shall be payable by the Mortgagor.

8. Sale or Transfer by Mortgagor. The Mortgagor covenants and agrees with CFCU that:

- (a) the Mortgagor will not without the prior consent in writing of CFCU, sell, transfer, sub-lease, assign or otherwise dispose of the Lease or the Leased Premises or any portion thereof or any interest therein; and, in the event of such sale, transfer, sub-lease, assignment or other disposition, without the consent of CFCU, the Indebtedness shall, at the option of CFCU, forthwith become due and payable; and
- (b) no sale or other dealing by the Mortgagor with the Lease or the Leased Premises or any part thereof or any other dealing by CFCU with the Lease or the Leased Premises or any part thereof, shall in any way affect or prejudice the rights of CFCU against the Mortgagor or any other person liable to repay the Indebtedness.

9. Mortgage not a Substitute for any other Security. It is hereby expressly agreed by the Mortgagor that this Mortgage shall not create any merger, rebate or discharge of any debt owing to CFCU or of any lien, bond, promissory note, bill of exchange or other security held by or which may hereafter be held by CFCU, whether from the Mortgagor or any other party or parties whomsoever and this Mortgage shall not in any way affect any security held or which may hereafter be held by CFCU for the Indebtedness or any portion or portions thereof or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by CFCU for or on account of the Indebtedness or any portion or portions thereof nor shall the remedies of CFCU in respect thereof be affected in any manner whatsoever.

10. Judgments. The taking of a judgment or judgments against the Mortgagor on any of the covenants herein contained shall not operate as a merger of the said covenants or affect CFCU's right to interest on the Indebtedness, and further that any such judgment may provide that interest thereon shall be computed at the rate set forth in the Loan Agreement until such judgment shall have been fully paid and satisfied.



11. Mortgage Continuing Security. It is hereby agreed that this Mortgage may secure a current or running account and shall stand as a continuing security to CFCU for the payment of the Indebtedness and all interest, damages and Costs which may become due or payable or which may be paid or incurred upon or in respect of the Indebtedness or any portion thereof notwithstanding any fluctuation or change in the amount, nature or form of the Indebtedness or in the bills, notes or other obligations now or hereafter representing the same or any portion thereof or in the names of the parties to the said bills, notes or obligations or any of them.

12. Assignment of Rents. The Mortgagor hereby agrees with CFCU as follows:

- (a) the Mortgagor hereby assigns and sets over to CFCU all rents payable from time to time under all subleases of the Leased Premises or any part thereof, whether presently existing or arising in the future, together with the benefit of all covenants, agreements and provisos contained in the said subleases, in favour of CFCU; PROVIDED that, for the avoidance of any doubt, no such rents will be required to be paid to CFCU, unless an unremedied Event of Default has occurred and is continuing;
- (b) forthwith after making any sublease of the Leased Premises or any part thereof, the Mortgagor will execute and deliver to CFCU an assignment in registerable form in CFCU's usual form of all rents payable under such sublease, the benefit of all covenants, agreements and provisos therein contained on the part of the tenant to be observed and performed and the reversion of such sublease; and will also execute and deliver to CFCU all such notices and other documents as may be required in order to render such assignment effectual in law;
- (c) nothing herein contained shall
 - (i) make CFCU responsible for the performance of any covenants, terms or conditions contained in any lease, unless CFCU expressly agrees in writing with the Landlord to assume such responsibilities; or
 - (ii) make CFCU responsible for the collection of rents payable under any sublease of the Leased Premises or any part thereof or for the performance of any covenants, terms or conditions contained in any such sublease;
- (d) CFCU shall not by virtue of these presents be deemed a mortgagee in possession of the Leased Premises or any part thereof;



- (e) CFCU shall be liable to account for only such rents as actually come into its hands less reasonable collection charges in respect thereof and may apply such rents to the repayment of the Indebtedness; and
- (f) notwithstanding anything herein contained, no sublease of the Leased Premises or any part thereof made by the Mortgagor without the consent in writing of CFCU shall be effective or have priority over this Mortgage.

13. **Non-Merger.** The title in fee simple to the property demised by the Lease and the leasehold estate shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates in the Landlord or the Lease or the Mortgagor or in a third person, pursuant to the Lease, by purchase or otherwise.

14. **Interpretation and Headings.** It is hereby agreed that wherever in this Mortgage the word "Mortgagor" is used the same shall extend to and include the heirs, executors, administrators, successors and assigns of the Mortgagor, and wherever in this Mortgage the word "CFCU" is used the same shall extend to and include all the successors and assigns of CFCU and wherever the singular or masculine is used the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties hereto so require. The headings do not form part of this document and have been inserted for convenience of reference only. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement. The Mortgage shall be deemed to be made in and shall be construed according to the laws of the Province of Manitoba.

[Signature page follows.]



DATED as of the date first written above.

DELTA 9 BIO-TECH INC.

Per: _____

Name: John William Arbuthnot IV
Title: President



THIS BUILDING "D" LEASE made as of this 19th day of March, 2018.

BETWEEN:

6599362 CANADA LTD.
(herein called the "**Landlord**"),

- and -

DELTA 9 BIO-TECH INC.
(herein called the "**Tenant**"),

WHEREAS the Landlord warrants and represents to the Tenant that the Landlord is the sole legal and beneficial owner of an estate in fee simple in the land known as 760 Pandora Ave. East, Winnipeg, Manitoba (the "**Lands**"), and all structures erected thereon and appurtenances thereto, in good and marketable title thereto;

AND WHEREAS the Tenant wishes to lease from the Landlord 53,162.90 square feet in the building known as Building D on the Lands (the "**Leased Premises**"), and the Landlord wishes to lease the Leased Premises to the Tenant;

NOW THEREFORE WITNESSETH that in consideration of the mutual covenants, conditions and agreements herein contained, the Landlord and the Tenant covenant and agree as follows:

ARTICLE 1 – DEFINITIONS

1.01 Definitions. In this Lease:

"**Additional Rent**" has the meaning ascribed thereto in Section 3.01(b) hereof;

"**Basic Rent**" has the meaning ascribed thereto in Section 3.01(a) hereof;

"**Building D**" means that building located on the Lands, known as Building "D";

"**Buildings**" means, collectively, all building located on the Lands.

"**Commencement Date**" means April 1, 2018;

"**Environmental Laws**" means all federal, provincial, municipal or local laws, statutes, regulations, ordinances, orders, directives, judgments, codes, decrees, injunctions, writs, policies (having the force of law), approvals, notices, rules, by-laws, common law and other applicable laws relating to environmental matters, dangerous goods, hazardous materials and occupational health and safety matters, including with limitation, those relating to the release or threatened release of environmentally sensitive materials and to

the generation, use, storage, treatment, and disposal of environmentally sensitive materials.

"**GST**" has the meaning ascribed thereto in Section 3.03 hereof;

"**Lands**" has the meaning ascribed thereto in the first preamble hereto;

"**Lease**" means this Lease and any Schedules hereto;

"**Leased Premises**" has the meaning ascribed thereto in the second preamble hereto, and the space comprising the Leased Premises is shown in a sketch on Schedule "A" hereto;

"**Office Space**" means 3,980 square feet of space in Building D as shown on Schedule "A" hereto, which forms part of the Leased Premises;

"**Permitted Use**" has the meaning ascribed thereto in Section 4.01 hereof;

"**Proportionate Share**" means, in the case of Realty Taxes, the fraction expressed as a percentage calculated using the numerator and denominator as follows, with such fraction to be calculated on a monthly basis at the same time the area of the Leased Premises is agreed upon:

- (i) the numerator of which is the area of the Leased Premises; and
- (ii) the denominator of which shall be the total square footage of all buildings located on the lands covered by the then current Statement and Demand for Municipal and School Taxes for the land on which the Leased Premises are located, which at the time of execution of the Lease includes the Lands and the additional lands referred to in Certificate of Title Nos. 2513702/1 (Parcel G) and 2513712/1 (Parcel H). The denominator, based on the current buildings contained in the current Statement and Demand for Municipal and School Taxes, is equal to Four Hundred Fifty-Seven Thousand Nine Hundred Twenty-Five (457,925) square feet.

"**Realty Taxes**" means the aggregate of all real property taxes, rates, duties and assessments that may be levied, rated, charged or assessed against the Lands, or upon the Landlord in respect thereto, including, without limitation, all local improvement rates and charges, frontage taxes, water, school, hospital and other taxes and assessments both general and special, rates, levies and impositions, general or specific, ordinary or extraordinary, foreseen or unforeseen, now imposed, assessed or levied or which may hereafter be imposed, assessed or levied by any federal, provincial, municipal, regional, school or other statutory authority during the Term for whatever purposes. PROVIDED THAT taxes treated as capital gains taxes or corporate income taxes shall be specifically excluded from Realty Taxes prior to establishing the Tenant's Proportionate Share thereof;

“**Renewal Term(s)**” has the meaning ascribed thereto in Section 2.03 hereof;

"**Rent**" means Basic Rent, Additional Rent, and all other amounts payable by the Tenant to the Landlord under this Lease;

"**Sketch**" has the meaning ascribed thereto in the second preamble hereto;

"**Term**" has the meaning ascribed thereto in Section 2.02 hereof; and

"**Warehouse Space**" means the 37,048.3 square feet of space identified as “Production Area (Plant)”, the 7,488.8 square feet of space identified as “miscellaneous”, and the 4,645.8 square feet of space identified as “maintenance” in Building D on Schedule “A” hereto, which comprises part of the Leased Premises.

ARTICLE 2 – DEMISE AND TERM

2.01 Demise. The Landlord in consideration of the rents, covenants, agreements and conditions herein to be paid, observed and performed by the Tenant, hereby leases to the Tenant the Leased Premises.

2.02 Term. The Tenant shall have and hold the Leased Premises from the Commencement Date to the earlier of: (i) the day before the closing date of the transaction for the sale of the lands related to Buildings B, C, and D located on the Lands from the Landlord to the Tenant; and (ii) the date that is five (5) years from the Commencement Date (in either case, herein called the "**Term**"), unless otherwise extended or terminated in accordance with the terms and conditions contained herein.

2.03 Renewal. Should the transaction for the sale of the lands related to Buildings B, C, and D located on the Lands from the Landlord to the Tenant not proceed to close, the Tenant shall have the option to renew the Term of this Lease on the same terms and conditions except for this right of renewal for two (2) additional five (5) year terms (each, a "**Renewal Term**"). The rent for each Renewal Term shall be the fair market value at the time, provided that it shall not be lower than the rent the year prior to the applicable renewal.

2.04 Parking. The Tenant shall be entitled up to 50 dedicated parking stalls in close proximity to the Leased Premises, the location of which shall be as indicated on Schedule “B” hereto or as otherwise mutually agreed upon by the Landlord and the Tenant in writing, both acting reasonably. There will be no additional rent or other fee of any other kind payable for the use of these parking stalls.

ARTICLE 3 - RENT, DEPOSIT, TAXES AND OTHER CHARGES

3.01 Rent. The Tenant shall pay to the Landlord as Rent for the Leased Premises the aggregate of:

- (a) commencing on the Commencement Date, basic rent of \$350,875.14 per annum ("**Basic Rent**"), calculated at the rate of \$6.60 per square foot for the Office Space

(being 3,980 square feet) and the Warehouse Space (being 49,182.90 square feet) in each year of the Term. Any additional space acquired by the Tenant during the Term shall also be charged at \$6.60 per square foot. Basic Rent shall be payable in monthly instalments in advance of \$29,239.60 (plus GST), without notice or demand, commencing on the Commencement Date and thereafter on the first day of each calendar month thereafter during the Term;

- (b) commencing on the Commencement Date, additional rent payable in monthly instalments, estimated for 2018 to be in the amount of \$4,440.74 per month, at the times and in the manner otherwise provided in Section 3.01(a) for Basic Rent, calculated as follows:
 - (i) common area maintenance costs (excluding insurance, security and monitoring and realty taxes) of \$35,087.51 per annum, calculated as 10% of the annual Basic Rent, payable in monthly instalments of \$2,923.96 per month; and
 - (ii) a share of the Landlord's insurance equal to \$10,100.95 per annum, calculated as \$0.19 per square foot payable in monthly instalments of \$841.75 per month;
 - (iii) the Tenant's Proportionate Share of the Realty Taxes, estimated for 2018 to be \$8,100.40 per annum, payable in monthly instalments of \$675.03 per month (which amount is estimated based on the \$69,773.80 2017 Realty Taxes, but subject to adjustment annually);

(collectively, the "**Additional Rent**");
- (c) all amounts (other than payments under Subsections 3.01 (a) and (b)) payable by the Tenant to the Landlord under this Lease, at the times and in the manner provided in this Lease or, if not so provided, as reasonably required by the Landlord.

The Tenant shall be responsible for and will pay all utility charges, including, electricity, gas, water, sewer and heating, incurred in respect of the Leased Premises during the Term.

3.02 Calculation and Payment of Additional Rent for Realty Taxes. Prior to the commencement of each year of the Term, the Landlord shall deliver to the Tenant a statement setting forth the Landlord's reasonable estimate of the Tenant's Proportionate Share of the Realty Taxes for such Lease Year and thereafter during such Lease Year the Tenant shall pay to the Landlord in the manner provided in Article 3.01(b)(iii) on the basis of those estimates. Notwithstanding anything herein contained to the contrary, it is agreed that the Landlord shall be entitled at any time to revise its estimates of the Tenant's Proportionate Share of the Realty Taxes. Annually by April 30th of each year, the Landlord shall provide the Tenant with a statement confirming the amount of such Realty Taxes for the prior year over the Base Cost ("**Final Statement**") and the Tenant shall pay any shortfall due pursuant to the Final Statement

within one (1) month after receiving same. In the event the Final Statement shows that Tenant overpaid for the prior year, the Landlord shall provide Tenant with a credit toward the subsequent year's Realty Taxes or if the Lease has expired, return such overpayment within one (1) month.

3.03 Goods and Services Tax. The Tenant shall pay to the Landlord an amount equal to any and all goods and services taxes, sales tax, value added taxes, or any other taxes imposed on the Tenant but to be collected by the Landlord, or imposed, levied or assessed upon the Landlord with respect to or upon the entering into of this Lease, or upon or with respect to or on account of this Lease, or on the use or occupancy of the Leased Premises or any portion thereof (excluding real property taxes and corporate income taxes), whether characterized as a goods and services tax, sales tax, value added tax or otherwise (herein called the "GST"), it being the intention of the parties that the Tenant shall bear full responsibility for payment of all GST and that the Landlord shall be reimbursed by the Tenant for any amounts paid by the Landlord with respect to any and all GST imposed upon or payable by either the Tenant or the Landlord. The amount of such GST shall be calculated by the Landlord in accordance with applicable legislation and shall be paid by the Tenant to the Landlord upon demand or at such time or times as the Landlord may from time to time determine. The Landlord shall have all of the same remedies for and rights of recovery of GST as it has for recovery of Rent under this Lease.

3.04 Interest on Amounts in Arrears. Whenever any part of Rent (including interest thereon, if any) payable hereunder by the Tenant to the Landlord is in arrears, the same shall bear interest at the rate of three percent (3%) per month calculated from the due date of such Rent.

3.05 Taxes and Utilities. The Tenant will pay, as and when due to the authority to which same are owing:

- (a) All taxes, licenses, rates, duties and assessments imposed, assessed or levied by any lawful authority during the Term relating to the business carried on in and the use and occupancy of the Leased Premises by the Tenant (and any permitted subtenant and licensee) and relating to personal property and all business and trade fixtures and other improvements owned or installed by or on behalf of the Tenant in, on or affixed to the Leased Premises, whether any such taxes, licenses, rates, duties and assessments are payable by law by the Tenant or by the Landlord and whether or not the same are allocated separately in respect of the Leased Premises unless same is a component of the real property taxes for the Lands in which case it will be included in the Rent.
- (b) The Tenant shall be responsible for the cost of all utilities including but not limited to electricity, sewage and water supplied to the Leased Premises. The Tenant shall not, without the prior written approval of the Landlord, which may be arbitrarily withheld, install or cause to be installed in the Leased Premises any equipment that will require additional utility usage or any telecommunications lines and/or conduits. If, with the Landlord's approval, such additional equipment is installed, the Tenant shall be solely responsible for such excess utility usage. If utilities are supplied to the Tenant through a meter common to other tenants in the

Building (there being no obligation on the Landlord to install separate meters), the Landlord shall pay the cost of the utilities and apportion the cost pro rata among the tenants supplied through the common meter, based on all relevant factors including, but not limited to, the hours of use, number and types of lights and electrical equipment and the proportion of each tenant's rentable area to the rentable area of all tenants to which the common meter relates. Upon receipt of the Landlord's statement of apportionment, the Tenant shall promptly reimburse the Landlord for all amounts apportioned to the Tenant by the Landlord; provided that the Landlord may elect by notice to the Tenant to estimate the amount which will be apportioned to the Tenant and require the Tenant to pay that amount in monthly instalments in advance simultaneously with the Tenant's payments of Basic Rent. The Tenant shall upon the Landlord's request install a separate utility meter or meters in the Leased Premises at the Tenant's expense.

- (c) The Tenant shall pay all rates, charges, costs and expenses as may be assessed or levied by any supplier of utilities to the Tenant other than those supplied by the Landlord, including, without limitation, telephone, facsimile, Wi-Fi and internet of whatsoever nature and kind used in or supplied to the Leased Premises.

Upon request by the Landlord, the Tenant will deliver promptly to the Landlord receipts for payment of all charges payable by the Tenant pursuant to this Section 3.05 which were due and payable up to one (1) month prior to such request.

3.06 Irregular Periods. If, for any reason, it becomes necessary to calculate Rent for irregular periods, an appropriate pro rata adjustment will be made on a daily basis in order to compute such Rent for such irregular period as at the date of termination of the Term.

ARTICLE 4- USE OF THE LEASED PREMISES

4.01 Use of Premises. Without the prior written consent of the Landlord, the Tenant will not use or permit the Leased Premises or any part thereof to be used for any purpose other than for a cannabis production and distribution facility and related purposes including office and administration purposes ancillary to the aforementioned permitted usage (the "**Permitted Use**").

4.02 Specific Prohibited Uses. The Tenant will not, at any time during the Term, carry on or permit to be carried on, on the Leased Premises anything which is noxious or offensive and will not do or permit to be done anything whatsoever at any time upon the Leased Premises which would annoy or disturb or cause a nuisance or damage to the occupiers or owners of lands and premises adjoining or in the vicinity of the Premises. The Tenant will not permit any overloading of the floor of the Leased Premises. Except for fertilizer, pesticides and/or isopropyl alcohol based cleaning or sanitization solutions required in connection with the Permitted Use, the Tenant shall be prohibited from using, storing or shipping any chemicals or hazardous material, including without limitation, fuel or propane gas, on, from or to, the Leased Premises. The Tenant will not cause any waste or damage to the Leased Premises. Without the prior written consent of the Landlord, the Tenant shall not conduct on the Leased Premises, any distress sale, bankruptcy sale, going out of business sale or any other sale designed to convey to the public that business operations are to be discontinued.

4.03 Signs. Tenant shall not erect or display any signage, on the Building or any place on the Lands without the Landlord's prior written consent in each instance, such consent not to be unreasonably withheld. The Tenant shall, at its cost, acquire all requisite municipal or other governmental permits required to erect or maintain any such approved sign or advertisement and the Tenant agrees that any sign or advertisement so placed or fixed to the exterior or any outside part of the Building or on the Lands shall be maintained in a proper state of repair and that it will indemnify and hold harmless the Landlord from and against all liability for personal injuries, death or property damage or loss caused from the placing or fixing any such sign or advertisement.

4.04 No Access to Common Areas Except Compressor and Electrical Rooms. The Tenant and its employees and invitees shall not have access to any common areas in the Building or of the Lands, except for the compressor and electrical rooms noted on Schedule "A" and except for the purposes of monitoring security of the perimeter of the Building in accordance with Section 4.05 hereof. The Landlord agrees to minimize its access to the electrical room.

4.05 Building Perimeter Security. The Tenant, at its sole cost, shall arrange and provide all security reasonably required by the Tenant to secure and monitor the perimeter of the Building, and may restrict access for security purposes.

4.06 Not to Affect Landlord's Insurance. The Tenant shall not do or permit to be done, or omit to do, on the Leased Premises anything which will directly or indirectly cause the rate of insurance upon the Lands or any part thereof or any insurance arranged by the Landlord in its sole discretion, to be increased. If any insurance rate is thereby increased beyond the amount contemplated in Section 3.01(b)(ii), the Tenant will pay to the Landlord the amount by which any insurance premiums paid by the Landlord are increased. The Tenant will not store or permit to be stored upon the Premises anything of a dangerous, inflammable or explosive nature which would lead to the cancellation of insurance.

4.07 Preventing Cancellation. Except in the case of an emergency, upon no less than twenty-four (24) hours' notice to the Tenant, and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord, its employees or agents to enter the Leased Premises to remove any article or remedy any condition which, in the opinion of the Landlord reasonably arrived at, would be likely to lead to cancellation of any policy of insurance. Such entry by the Landlord will not be deemed to be a re-entry not a trespass. Alternatively, at its option and at the expense of the Tenant, the Landlord may rectify the situation causing such cancellation, whereupon this Lease shall remain in full force and effect. If any insurance policy is cancelled by any insurer by reason of the use and occupation of the Premises by the Tenant or by any assignee of the Tenant or anyone permitted by the Tenant to be on the Leased Premises, then unless the Tenant secures replacement coverage within ten (10) days after receipt of notice from the Landlord of anticipated cancellation of insurance, the Landlord may, at its option, terminate this Lease upon fifteen (15) further days written notice, and, thereupon all sums of money for which the Tenant is liable under this Lease will be paid by the Tenant in full to the date of expiration of such notice, and the Tenant will immediately

deliver vacant possession of the Leased Premises to the Landlord and the Landlord may re-enter and take possession of same.

4.08 Compliance with City of Winnipeg Laws and Permits. The Tenant covenants that it shall comply with all City of Winnipeg By-laws and permits as such may be related to building occupancy in relation to the occupancy of the Leased Premises.

ARTICLE 5 - ASSIGNING, SUB-LETTING AND ENCUMBERING

5.01 Landlord's Consent. The Tenant shall not assign or sublet all or any part of the Leased Premises without the prior written consent of the Landlord, such consent not to be unreasonably withheld. Provided, however, that any leave to assign or sublet given by the Landlord shall not relieve the Tenant from its obligations to pay rent and any other monies provided for in this Lease or for the observance and performance of all of the covenants, terms and conditions herein. If the Tenant is a corporation, any change in ownership or control of such corporation shall be deemed to be a proposed assignment or subletting of the Leased Premises and shall require the Landlord's consent thereto, such consent not to be unreasonably withheld.

5.02 Landlord's Rights of Termination. If the Tenant requests the Landlord's consent to any assignment or subletting of the whole or any part of the Leased Premises, such request shall be accompanied by the name and address of the proposed assignee or Tenant together with such information as to the nature of the business and financial responsibility and standing of such proposed assignee or Tenant as the Landlord may reasonably require in order to make a reasoned determination as to the acceptability of the assignee or Tenant. In addition, the Tenant shall provide the Landlord with a copy of the proposed assignment or Lease. Subject as hereinafter provided, within fifteen (15) days after receipt of the foregoing information and any and all information the Landlord may reasonably require in order to make its determination, the Landlord may elect to terminate (unless the transfer is to a Permitted Transferee) this Lease by giving to the Tenant a notice of its intention to so terminate and fixing a date of termination which will be the same as the proposed effective date of the assignment or subletting. Upon receipt of such notice in which Landlord shall further specify that the Tenant shall have five (5) business days within which to withdraw its request for such consent, failing which the Tenant shall deliver vacant possession of the Leased Premises to the Landlord on such date of termination and this Lease shall thereupon terminate and be at an end (except to the extent that any monies may at such date be due and owing by the Tenant to the Landlord). If the Landlord does not elect to terminate as aforesaid, the Landlord shall either consent in writing to the proposed assignment or subletting not later than the expiration of the said fifteen (15) day period or, in the event that the Landlord does not consent in writing, it shall be deemed to have refused such consent.

5.03 Disposition of Lands and Premises. Any sublease, assignment, transfer or other disposition of the Premises made or given by the Landlord shall, to the extent that a lessee or transferee assumes the obligations of the Landlord hereunder, without any further written agreement, relieve the Landlord from further continuing liability under this Lease, provided that the Landlord shall continue to be responsible for liabilities incurred prior to such disposition to the extent that same are not assumed by such lessee or transferee.

ARTICLE 6 - COMPLIANCE WITH LAWS, BUILDERS' LIENS

6.01 Compliance with Laws. The Tenant during the Term, at its own expense, will promptly comply, and will cause its employees, agents, licensees, invitees and other persons on or about the Leased Premises to comply with the requirements of every published law (including without limitation, all licensing laws pertaining to the Permitted Use, and all Environmental Laws as set out in Section 6.02), rule, by-law, regulation, order, direction, ordinance and standard of every competent federal, provincial, municipal, regional and other statutory authority in force during the Term and concerning or affecting the condition, maintenance, use and occupation of the Leased Premises and all improvements, appurtenances, equipment, machinery and other facilities from time to time therein, thereon or used in connection therewith and the making of any repairs, replacements and alterations to the Leased Premises and with every applicable regulation, order and requirement of the Canadian Fire Underwriters Association or any successor body having similar functions and of any liability or fire insurance company by which the Landlord and Tenant or either of them may be insured at any time during the Term, and, in so doing, the Tenant, subject to Article 7 hereof, will make any necessary alterations, repairs, additions or deletions in, on or to the Leased Premises, improvements or appurtenances or any part or parts thereof, and any equipment, machinery or other facilities in, on, upon, used in connection with or appurtenant to the Premises or any part thereof. For greater certainty, the Tenant shall obtain any Occupancy Permits required for use of the Leased Premises.

6.02 Compliance with Environmental Laws. The Tenant warrants and represents that at all times during the Term the Tenant will be in compliance with all Environmental Laws. The Tenant hereby assumes any and all duties, obligations or liabilities under any Environmental Laws in respect of the Leased Premises, including but not limited to any costs, expenses or liabilities for any remedial action to the common areas of the Building which results from Tenant's or any of the Tenant's employee's, agent's, representative's or invitee's acts or omissions thereon.

6.03 Builders' Liens. The Tenant will not suffer or permit any lien under The Builders' Liens Act or like statute to be registered against the title to the Lands, or the interest of the Landlord therein, by reason of work, services or materials supplied or claimed to have been supplied to the Tenant or anyone holding any interest through or under the Tenant. If any such lien is registered, the Tenant will do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Tenant. If the Tenant desires to contest in good faith the amount or validity of any lien and has so notified the Landlord, and if the Landlord has paid into the court of competent jurisdiction to the credit of any lien action the amount of the lien claimed and costs, then the Tenant may contest the claim with due diligence, provided always that neither the Leased Premises nor the Tenant's leasehold interest therein shall thereby become liable to forfeiture or sale.

ARTICLE 7 - REPAIRS, MAINTENANCE AND ALTERATIONS

7.01 Repair and Maintenance by Landlord. The Landlord shall, at all times throughout the Term, maintain, repair, replace or cause to be maintained, repaired, or replaced as would a prudent Landlord of a reasonably similar building, the Lands and Building (including the Leased Premises), including snow removal, landscaping, green spaces, sidewalks, driveways and

parking areas, the cost of which is included in the Rent. Notwithstanding the foregoing, if the Landlord is required to perform such maintenance or make such repairs as a result of or by reason of:

- (a) any damage to the Building or Lands caused by the Tenant's operations therein, including, without limitation, any damage caused by excess moisture, humidity, heat or mold; or
- (b) any upgrades to the Building required by the Tenant's operations therein, including without limitation related to the any above average use of heating systems, cooling systems, electricity or water; or
- (c) any other act, omission, neglect or default of the Tenant, or those for whom the Tenant is responsible in law;

the Tenant shall be liable and responsible for the total cost of any such maintenance and repairs plus an amount equal to ten (10%) percent of the Landlord's total cost of such repairs, which shall together immediately be due and payable to the Landlord upon receipt of an invoice to that effect provided that the Landlord demonstrates the act omission, neglect or default.

7.02 Inspection and Emergencies. The Landlord's representatives may enter upon the Leased Premises at all times upon forty-eight hours' notice to Tenant and any time during any emergency without notice to inspect the state of repair and maintenance.

7.03 Alterations. Notwithstanding anything contrary in this Lease, the Tenant will not make to or erect in the Leased Premises any installations, alterations, additions or partitions without having received the prior written approval of the Landlord to the plans and specifications and any variation or amendment thereof, which approval is not a substitute for the approval of any relevant statutory authority. The Landlord will be entitled to recover, as Rent from the Tenant, the Landlord's reasonable costs of having its architects and engineers examine such plans and specifications but such costs must be approved by Tenant prior to being incurred by Landlord.

7.04 Landlord's Repairs and Alterations. Subject to Section 7.01 and the Landlord's right to elect not to rebuild in the event of damage or destruction, the Landlord, throughout the Term, will make all necessary repairs to the Leased Premises provided that such repairs are not the responsibility of the Tenant. All such repairs which the Landlord is obliged to make pursuant to this Article shall be at the cost of the Landlord, and be made in a good and workmanlike manner and the Landlord shall use commercially reasonable efforts to ensure all such repairs on done on a timely basis. The Landlord shall have the right to make additions to and (or) improvements or installations in and (or) repairs to the Leased Premises and in this regard shall make all reasonable efforts not to interfere with Tenant's business operations. The Landlord and any persons authorized by the Landlord shall have the right to use, install, maintain and (or) repair pipes, wires, ducts or other installations and services in, under or through the Leased Premises for or in connection with the supply of any services to any of the Leased Premises, to make such repairs, alterations, improvements or additions to such installations and services as it may deem advisable and the Landlord or any person authorized by the Landlord shall be allowed to take all

material into and upon the Leased Premises that may be required therefore but shall at all times seek to minimize any consequential interruption to Tenant's business operations.

ARTICLE 8 - SURRENDER OF PREMISES AND REMOVAL OF FIXTURES

8.01 Surrender. Subject to Section 8.03 hereof, upon the expiration or earlier termination of this Lease or the Term and any period of overholding, the Tenant will surrender to the Landlord possession of the Leased Premises, broom swept, in good order, condition and repair (reasonable wear and tear excluded), free and clear of all encumbrances and claims by or through the Tenant or any creditor of the Tenant, and all the rights of the Tenant under this Lease will terminate (but the Tenant, notwithstanding such termination, will remain and be liable to the Landlord for any loss, damage, expenses or costs suffered or incurred by the Landlord by reason of any default by the Tenant).

8.02 Document of Surrender. If this Lease and the Term are terminated for any reason, the Tenant will execute and deliver to the Landlord any and all documents reasonably required to surrender this Lease.

8.03 Removal of Fixtures. Provided that the Tenant is not in default hereunder, the Tenant may, at the expiration of the Term, remove from the Leased Premises any of its trade fixtures. If the Tenant damages the Leased Premises during such removal the Tenant will immediately make good such damage. In no event will the Tenant remove from the Leased Premises any building or any plumbing, heating, air-conditioning, ventilation or automatic door systems, electrical or ventilating plant or equipment, or other building services, other than any of the foregoing that exclusively service self-contained greenhouse units of the Tenant at the Leased Premises, which units the Landlord acknowledges and agrees constitute the Tenant's trade fixtures (provided that any units leased by the Tenant from the Landlord shall be governed by the terms of the equipment lease between the Tenant and the Landlord); provided that the Landlord will be entitled upon the expiration or earlier termination of this Lease to require the Tenant to, and the Tenant shall, remove its installations, alterations, additions, partitions and fixtures and anything in the nature of improvements made or installed by the Tenant or by the Landlord on behalf of the Tenant to or in the Leased Premises, or any of them, and to make good any damage caused to the Leased Premises by such removal.

ARTICLE 9 - LIABILITY AND INDEMNIFICATION

9.01 Non-Liability of Landlord. Except for the negligence of the Landlord, the Tenant agrees that the Landlord will not be liable or responsible in any way for any personal injury that may be sustained by the Tenant or any employee or customer of the Tenant, or of any other person who may be upon the Leased Premises, or on the sidewalks, parking areas, highways or loading areas adjacent thereto, or for any loss of or damage or injury to, property belonging to or in the possession of the Tenant or any employee, invitee, agent or customer of the Tenant or any other person, and without limiting the generality of the foregoing, the Landlord will not be responsible in any way for any injury, loss or damage to person or property caused by smoke, steam, water, ice, rain, snow or fumes which may leak, issue or flow into, through, or from the Leased Premises or from the water sprinkler, drainage or smoke pipes or plumbing equipment therein or from any other place or quarter or caused by or attributable to the condition or arrangement of

any electrical or other wiring or the air-conditioning equipment, or, for any matter or thing of whatsoever nature or kind arising from the Tenant's use and occupation of the Leased Premises or otherwise.

9.02 Indemnification. The Tenant shall indemnify, defend and hold the Landlord harmless, and the Landlord's officers, directors, partners, members, shareholders, employees and agents from and against any and all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses imposed upon or incurred by or asserted against them by reason of:

- (a) any use and/or occupancy of the Leased Premises by the Tenant;
- (b) the conduct of any business by the Tenant on the Leased Premises;
- (c) any activity, work or things done or permitted or suffered on behalf of the Tenant on the Leased Premises, including without limitation, any generation, use, handling, storage, transportation, or disposal of hazardous materials, or violation of any Environmental Laws by the Tenant or its invitees on the Lands or in the Leased Premises;
- (d) any injury to any person, including death resulting at any time therefrom, occurring in or about the Leased Premises;
- (e) the breach, default, violation or non-performance by the Tenant of any covenant, condition or agreement set forth in this Lease;
- (f) the negligence and/or willful misconduct of the Tenant or any of its agents, contractors, or employees; and/or
- (g) any matters referred to in Section 10.01 hereof,

except in respect of any of the foregoing that arise as a result of the negligence, willful misconduct or fraud of the Landlord.

9.03 Survival of Indemnification. The indemnifications set forth in Section 9.01 shall survive any termination of this Lease, notwithstanding anything herein to the contrary.

ARTICLE 10 – INSURANCE

10.01 Tenant's Insurance. The Tenant will purchase and keep in force throughout the Term:

- (a) Insurance for all leasehold improvements;
- (b) Insurance for the obligation of the Tenant to make repairs to the Leased Premises in the event of:

- (i) negligence of the Tenant, its employees, agents, licensees or invitees; or
 - (ii) any forced entry or attempted forced entry; and
- (c) Comprehensive general liability insurance (including without limitation, Tenant's All Risk liability and contractual liability to cover the responsibilities assumed under this Lease) in the minimum amount of \$5,000,000 against damage or loss by reason (or on account of) bodily injuries to or the death of any person or the destruction of or damage to the property of any person occurring on or about the Leased Premises or the Lands at the invite, request or on behalf of the Tenant (or such greater limits as the Landlord may from time to time reasonably request).

10.02 Landlord as Insured. The Tenant shall cause each of its policies to contain an undertaking by the insurer(s) to notify the Landlord at least thirty (30) days prior to cancellation. All policies (excluding the policy on stock and fixtures) will include the Landlord as an additional insured with cross-liability clauses, where appropriate.

10.03 Policies. The Tenant will furnish to the Landlord copies of insurance certificates in lieu thereof, and will provide written notice of the continuation of such policies not less than 10 days prior to their respective expiry dates. The Tenant will pay the premium for each policy. If the Tenant fails to purchase or keep in force such insurance the Landlord may, but shall not be obligated to, effect such insurance, the cost thereof recoverable from the Tenant forthwith on demand as Rent hereunder.

10.04 Insurance Waiver. Each of the Landlord and the Tenant hereby waives its right to claim compensation from the other to the extent of the amount of compensation received by the Landlord or Tenant, as the case may be, under any policy of insurance that such party has taken out, in respect of damages caused by the act, omission or negligence of the other of them, or caused by those for whom same is in law responsible.

ARTICLE 11 - DAMAGE OR DESTRUCTION

11.01 Damage to or Destruction of Leased Premises. If the Leased Premises shall be damaged by fire or other casualty for which the Tenant has it insured, the Landlord shall be entitled to all of the proceeds of such insurance, excluding insurance proceeds applicable to damage to Tenant's fixtures, improvements and personal property. If the Leased Premises are damaged by fire or other casualty but the Leased Premises are not thereby rendered untenable in whole or in part, the Landlord shall cause the damage to the Leased Premises, to be repaired and the Rent shall not abate. If by reason of such occurrence the Leased Premises shall be rendered untenable only in part, the Landlord shall cause the damage, excluding damage to Tenant's fixtures and improvements, to be repaired and the Rent meanwhile shall abate proportionately until such time that the Tenant can resume its normal operations. If the Leased Premises shall be rendered wholly untenable by reason of such occurrence the Landlord shall cause such damage, excluding damage to Tenant's fixtures and improvements, to be repaired, and the Rent shall abate until the Leased Premises have been restored and rendered Tenantable; or if the Leased Premises cannot reasonably be repaired and made useable within a period of sixty (60) days the Landlord or the Tenant may, at their respective sole election, terminate this Lease and

the tenancy hereby created by giving to the other party within thirty (30) days following the date of said occurrence, written notice of their election so to do and in the event of such termination Rent shall be adjusted as of the date of said occurrence.

It is understood and agreed that nothing contained in this Section shall obligate the Landlord to rebuild the Leased Premises or any part thereof, according to original plans and specifications, but in the event that such rebuilding takes place, the rebuilt Premises will be of a general size and quality comparable to or better than that which existed prior to such damage.

ARTICLE 12 - LANDLORD'S COVENANTS

12.01 Quiet Enjoyment. If the Tenant punctually pays the sums due under this Lease and complies with its obligations under this Lease, the Tenant shall peaceably possess and enjoy the Leased Premises during the Term without any interruption or disturbance from the Landlord or any person or persons claiming by, through or under the Landlord except as otherwise may be provided pursuant to this Lease.

ARTICLE 13 -DEFAULT AND BANKRUPTCY

13.01 Landlord may Perform Covenants. If the Tenant makes default in any of its covenants and agreements herein, then the Landlord, without limiting any other remedy which it may have, will have the right to remedy any such default and for such purpose, except in the case of an emergency when no notice is required, upon no less than twenty-four (24) hours' notice to the Tenant, and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord to enter upon the Leased Premises. No entry for such purpose will be deemed to cause a forfeiture or termination of this Lease. In order to cure such default and such things as may be incidental thereto, including, without limitation, the right to make repairs and to expend monies. The Tenant will reimburse the Landlord forthwith upon demand as Rent hereunder the aggregate of all costs, charges and expenses incurred by the Landlord in remedying any such default plus ten (10%) percent of same. The Landlord will be under no obligation to remedy any default of the Tenant, and will not incur any liability to the Tenant for any action or omission in the course of its remedying or attempting to remedy any such default unless such act amounts to intentional misconduct or gross negligence on the part of the Landlord.

13.02 Rights of Termination. This Lease may be terminated by the Landlord if and whenever:

- (a) the Tenant shall fail to pay Rent when it is due and such breach shall continue for a period of ten (10) days after notice to the Tenant of such failure; or
- (b) the Tenant shall fail to observe, perform and keep any one or more of the covenants, provisions or stipulations (other than such as relate to payment of any part of the Rent) to be observed, performed or kept by the Tenant hereunder and if such failure shall continue for a period of twenty-one (21) days after notice to the Tenant of such failure or such longer period as required given the circumstances;
or

- (c) the Tenant makes an assignment for the benefit of creditors or becoming bankrupt or insolvent takes the benefit of, or becomes subject to any statutes that may be in force relating to bankrupt or insolvent debtors; or
- (d) any certificate or order is made or granted for the winding-up or dissolution of the Tenant, voluntarily or otherwise; or
- (e) if the Leased Premises at any time during the Term become vacant in consequence of abandonment by the Tenant or the removal of the Tenant by legal process for non-payment of Rent, breach of covenant or any other cause; or
- (f) any insurance policy insuring the Leased Premises of the Landlord is cancelled or revoked or is refused by reason of the use and occupation of the Leased Premises or any part thereof and same is not replaced by the Tenant within five (5) days of receipt of notice by the Tenant of such cancellation;

then in any of the above said cases (collectively, “**Events of Termination**”, and each individually, an “**Event of Termination**”), at the option of the Landlord, the Term shall become forfeited and void and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord, to re-enter the Leased Premises or any part thereof in the name of the whole and repossess and enjoy the same as of its former estate. Such forfeiture shall be wholly without prejudice to the right of the Landlord to recover arrears of Rent or damages for any antecedent breach of the Tenant's covenants, obligations or agreements under this Lease, and provided that notwithstanding any such forfeiture the Landlord may subsequently recover from the Tenant damages for loss of Rent suffered by reason of this Lease having been forfeited and void as aforesaid. No such re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on the part of the Landlord to terminate this Lease unless at the time of or subsequent to such re-entry or taking up possession written notice of such intention has been given to the Tenant or such termination is decreed by a court of competent jurisdiction.

13.03 Waiver with Respect to Re-entry. If the Landlord does not exercise its option under the preceding Section 13.02 to terminate this Lease it may in addition to any remedies available to the Landlord herein, or at law or in equity, from time to time, except in the case of an emergency upon no less than twenty-four (24) hours’ notice to the Tenant, and subject to all applicable laws and regulations in respect of the Leased Premises, re-enter the Leased Premises without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Leased Premises as agent of the Tenant for such period or periods (which may extend beyond the Term) and at such rentals and upon such terms and conditions as the Landlord in its sole discretion may deem advisable. All reasonable expenses as the Landlord may incur in reletting the Leased Premises, including legal fees and disbursements and real estate fees and commissions and expenses of preparing the Leased Premises for reletting shall be paid by the Tenant to the Landlord forthwith on demand. Upon such reletting rent received by the Landlord shall be applied first to the payment of said reasonable expenses, second to the payment of any indebtedness (other than Rent) due from the Tenant to the Landlord, and third, to the payment of Rent. The residue, if any, shall be held by the Landlord and applied in payment of future rent as

the same may become due and payable. If rentals received from such reletting during any month are less than that to be paid during that month by the Tenant hereunder, the Tenant shall forthwith pay any such deficiencies to the Landlord. No re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention has been given to the tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, the Landlord may at any time thereafter elect to terminate this Lease by reason of such previous event. Should the Landlord at any time terminate this Lease by reason of any such event, in addition to any other remedies it may have, it may recover from the Tenant all damages it may incur with respect thereto including the cost of recovering the Leased Premises and the worth at the time of such termination of the excess, if any, of the amount of Rent, for the remainder of the Term, all of which Rent shall be immediately due and payable from the Tenant to the Landlord.

13.04 Right to Distrain. Upon the happening of an Event of Termination, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or at law, at its option, subject to the provisions of *The Landlord and Tenant Act* (Manitoba) as amended from time to time, *The Distress Act* (Manitoba) as amended from time to time, and all applicable laws and regulations in respect of the Leased Premises enter the Leased Premises and distrain upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant.

13.05 Remedies of Landlord are Cumulative. The remedies of the Landlord under this Lease are cumulative and are in addition to any remedies of the Landlord at law or in equity. No remedy will be deemed to be exclusive and the Landlord may from time to time have recourse to one or more of all of the available remedies specified herein or at law or in equity.

13.06 Bankruptcy. In the event of default pursuant to Subsection 13.02(c) then the current and next ensuing three (3) months' Rent shall become due and payable.

ARTICLE 14 - IMPOSSIBILITY OF PERFORMANCE

14.01 Non-performance by Landlord. Whenever the Landlord or the Tenant are unable to fulfill any obligation hereunder in respect of the provision of any service, utility, work or repairs by reason of being unable to obtain the materials, goods, equipment, service, utility or labor required to enable it to fulfill such obligation or by reason of any law or regulation or by reason of any other cause beyond its reasonable control, the Landlord or the Tenant, as the case may be, will be entitled to extend the time for fulfillment of such obligation by a time equal to the duration of the delay or restriction. The Tenant will not be entitled to any compensation for any inconvenience, nuisance or discomfort thereby occasioned, or to cancel this Lease.

ARTICLE 15 – OVERHOLDING

15.01 Overholding. If the Tenant remains in possession of the Leased Premises after the expiration of this Lease and without the execution and delivery of a new lease and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord to re-enter upon the Leased Premises and take possession of the Leased Premises and

remove the Tenant therefrom through applicable legal proceedings; PROVIDED THAT while the Tenant remains in possession after the expiration of this Lease, and the Landlord accepts Rent, the tenancy, in the absence of written agreement, will be from month to month only at a rental per month equal to two (2) times the Rent payable in respect of the month immediately preceding expiration of this Lease payable in advance on the 1st day of each month and shall be subject to all terms of this Lease, except that the tenancy will be from month to month and a tenancy from year to year will not be created by implication of law.

ARTICLE 16 – MISCELLANEOUS

16.01 Waiver. No waiver of any default will be binding unless acknowledged in writing by the Landlord. No waiver shall apply to any subsequent default unless acknowledged in writing by the Landlord.

16.02 Condoning. Any condoning, excusing or overlooking by the Landlord of any default will not operate as a waiver of the Landlord's rights hereunder in respect of any subsequent default.

16.03 Subordination. Provided that the Landlord delivers to the Tenant an undertaking by the mortgagee not to disturb the occupancy of the Leased Premises by the Tenant pursuant to this Lease for as long as the Tenant is in good standing hereunder and pays the Rent to such mortgagee after receipt of written notice from such mortgagee, this Lease will be subject, subordinate and postponed to all mortgages (including any deed of trust and mortgage securing bonds and all indentures supplemental thereto) which may hereafter charge or affect the Lands and to all renewals, modifications, consolidations, replacements and extensions of such mortgages. Subject to receiving a non-disturbance agreement addressed to the Tenant, the Tenant agrees to execute promptly any document in confirmation of such subordination and postponement which the Landlord or the owner of the Lands may request, including a postponement of any filing or registration at the Winnipeg Land Titles Office.

16.04 Acknowledgement by the Tenant. The Tenant will execute within fifteen (15) business days of receipt thereof, a certificate (which may be referred to as an Estoppel Certificate) in favour of any prospective mortgagee or purchaser of the Landlord certifying the status of this Lease, any modifications or breaches of this Lease, and the status of the rent account, all with the intent that any such acknowledgement or certificate may be relied upon by any party to whom it is directed.

16.05 Severability. If any provision of this Lease is illegal or invalid or unenforceable at law it will be deemed to be severed from this Lease and the remaining provisions will nevertheless continue to be in full force and effect.

16.06 Headings. All headings in this Lease are inserted for convenience of reference only and will not affect the construction and interpretation of this Lease.

16.07 Representations and Entire Agreement. The Tenant acknowledges and agrees that the Landlord has made no representations, covenants, warranties, guarantees, promises or agreements (verbal or otherwise) with the Tenant other than those contained in this Lease; that no agreement collateral hereto will be binding upon the Landlord unless made in writing and

signed by the Landlord; and, that this Lease constitutes the entire agreement between the Landlord and Tenant. The parties agree that the preambles to this Lease are considered essential parts of this Lease and are considered incorporated into this Lease. The Tenant acknowledges that it is relying upon its own inspection and knowledge of the Leased Premises and that there are no other representations, conditions, warranties, or collateral agreements of any kind in regard to the matters addressed by this Lease other than as expressed in this Lease.

16.08 Notices. Any notice, or request or demand herein provided or permitted to be given hereunder, shall be sufficiently given if personally served, or mailed by registered mail as follows:

- (a) to the Landlord: 6599362 CANADA LTD.
Attn: Trish Calnek
125 Furniture Park
Winnipeg, MB R26 1B9
- (b) to the Tenant: DELTA 9 BIO-TECH INC.
Attn: John Arbuthnot
760 Pandora Avenue East
Winnipeg, MB, R2C 3N1
Phone: (204) _____

Any notice mailed as aforesaid shall for the purposes of this Lease be presumed to have been given one (1) business day following the date on which such notice is delivered or three (3) business days following the day on which such notice is mailed as aforesaid. Provided that, in the event of any actual or imminent postal disruption, notices shall be delivered to the appropriate party and not sent by mail. Any party may at any time give notice in writing to the others of any change of address, and after the giving of such notice the address therein specified will be deemed to be the address of such party for the purpose of giving notices hereunder.

16.09 Time of Essence. Time will be of the essence of this Lease.

16.10 Relationship. Nothing herein contained will at any time create or be construed as creating a joint venture, partnership or relationship between the parties other than that of Landlord and Tenant.

16.11 Governing Law. This Lease will be construed and governed by the laws of the Province of Manitoba.

16.12 Plurality and Gender. Words in the singular will include the plural and words in the masculine gender will include feminine and neuter genders where the context so requires.

[remainder of page intentionally left blank]

16.13 Counterparts. This Lease may be executed in counterparts and transmitted by facsimile signature, and the counterparts and transmissions together shall be deemed to constitute an original.

[Signature Page Follows]

IN WITNESS WHEREOF the parties have executed this Lease as of the date first above written.

6599362 CANADA LTD.

Per: 
Name: Andrew Defehr
Title: Director

Per: 
Name: Richard Defehr
Title: Director

DELTA 9 BIO-TECH INC.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

IN WITNESS WHEREOF the parties have executed this Lease as of the date first above written.

6599362 CANADA LTD.

DELTA 9 BIO-TECH INC.

Per: _____
Name:
Title:

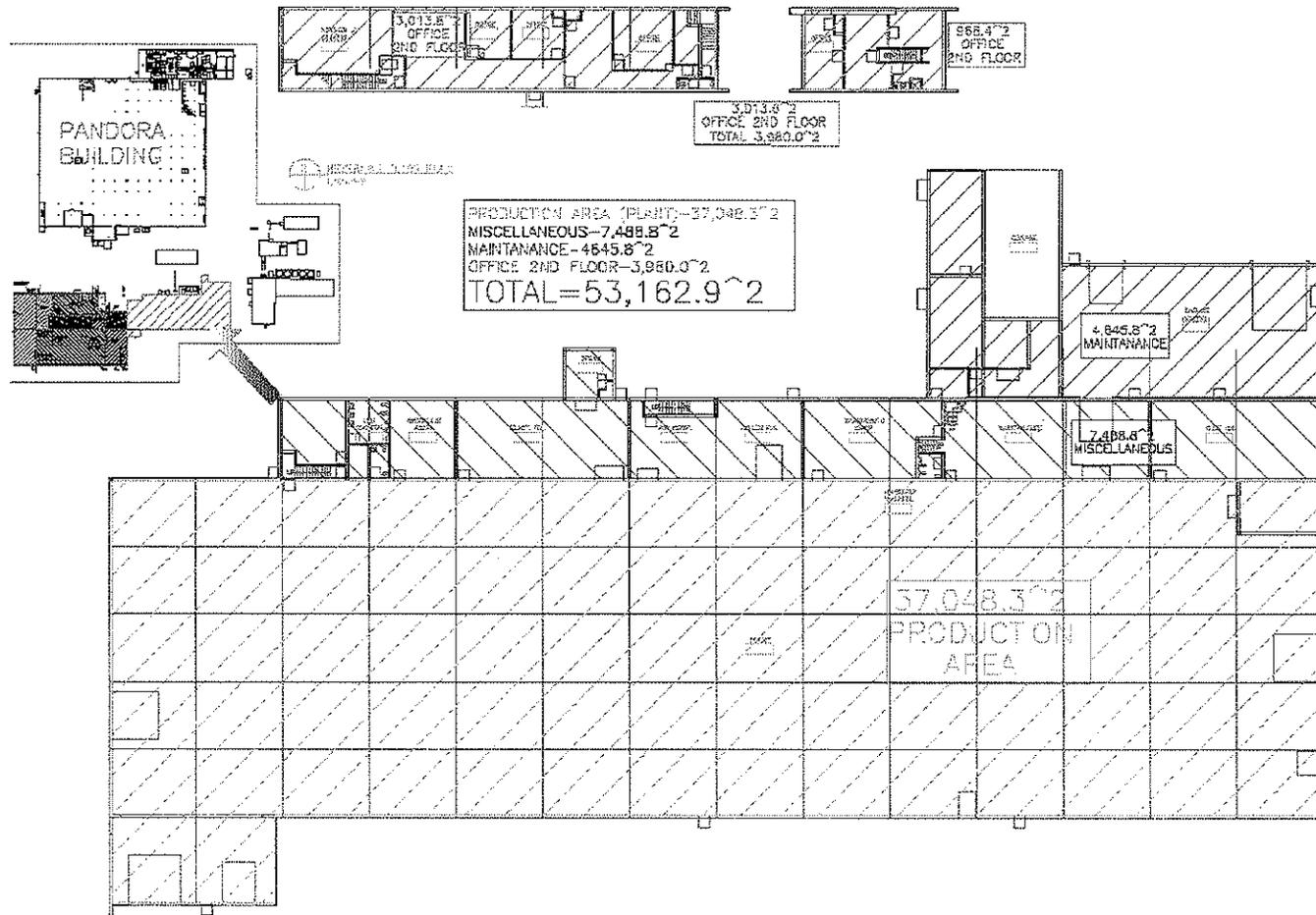
Per: _____
Name: *John A. St. John*
Title: *CEO*

Per: _____
Name:
Title:

Per: _____
Name: *Bret B. St. John*
Title: *CEO*

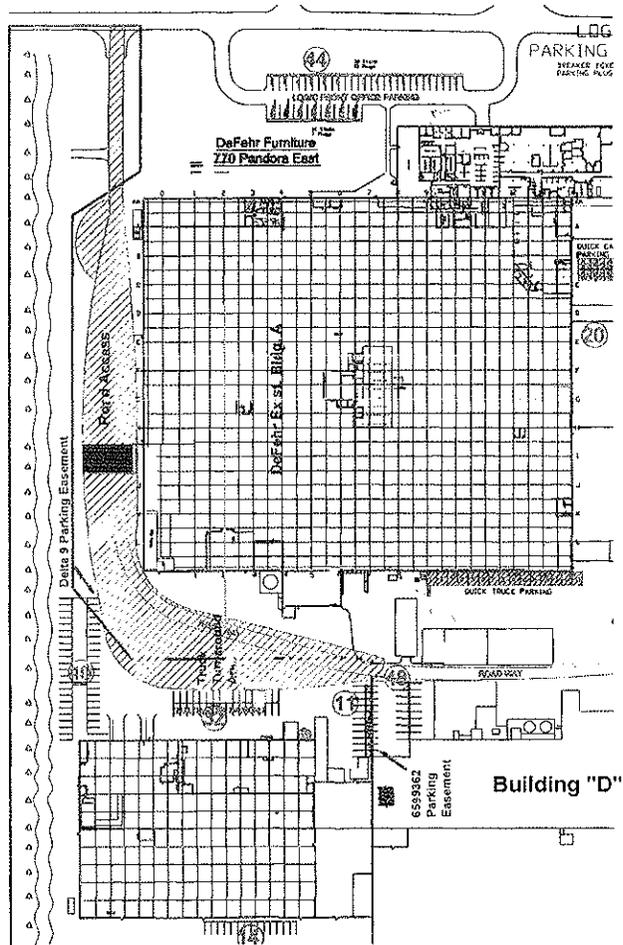
SCHEDULE "A"

[attach sketch]



SCHEDULE "B"

[attach sketch]



THIS LEASE AMENDING AGREEMENT dated as of the 23rd day of July, 2018.

BETWEEN:

6599362 CANADA LTD.
(the “**Landlord**”)

- and -

DELTA 9 BIO-TECH INC.
(the “**Tenant**”)

WHEREAS:

- A. The Landlord and the Tenant entered into a certain Lease dated March 19, 2018 (the “**Original Lease**”).
- B. In the Original Lease the definition of “Proportionate Share” in Section 1.01 references a denominator based on the square footage of the current buildings contained in the Statement and Demand for Municipal and School Taxes for the lands as 457,925 square feet, however the correct number for the denominator is 415,738 square feet;
- C. In the Original Lease, Section 3.01(iii) referenced an estimate of Realty Taxes, with the per annum amount being estimated at \$8,100.40 for the Leased Premises, however the correct number for Realty Taxes for the entirety of the Lands is \$334,312.57, making the per annum estimated amount for 2018 \$42,750.54, payable in monthly installments of \$3,562.55; and
- D. The parties wish to amend the Original Lease to correct the errors as referenced in the preambles above.

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 hereby are acknowledged the parties agree as follows:

- 1. The preambles to this Lease Amending Agreement are incorporated herein and are considered as essential parts of this Lease Amending Agreement.
- 2. All terms not otherwise defined in this Lease Amending Agreement shall have the meanings given to them in the Original Lease.

3. The definition of “**Proportionate Share**” in section 1.01 of the Original Lease is hereby amended by deleting such definition and replacing such definition with the following:

“Proportionate Share” means, in the case of Realty Taxes, the fraction expressed as a percentage calculated using the numerator and denominator as follows, with such fraction to be calculated on a monthly basis at the same time the area of the Leased Premises is agreed upon:

- (i) the numerator of which is the area of the Leased Premises; and*
- (ii) the denominator of which shall be the total square footage of all buildings located on the lands covered by the then current Statement and Demand for Municipal and School Taxes for the land on which the Leased Premises are located, which at the time of execution of the Lease includes the Lands and the additional lands referred to in Certificate of Title Nos. 2513702/1 (Parcel G) and 2513712/1 (Parcel H). The denominator, based on the current buildings contained in the current Statement and Demand for Municipal and School Taxes, is equal to Four Hundred and Fifteen Thousand, Seven Hundred and Thirty-Eight (415,738) square feet.*

4. The first paragraph of Subsection 3.01(b) of the Original Lease is hereby amended by deleting such paragraph and replacing such paragraph with the following:

(b) commencing on the Commencement Date, additional rent payable in monthly installments, estimated for 2018 to be in the amount of \$7,328.26 per month, at the times and in the manner otherwise provided in Section 3.01(a) for Basic Rent, calculated as follows:

5. Subsection 3.01(b)(iii) of the Original Lease is hereby amended by deleting such Subsection in its entirety and replacing that Subsection with the following text:

(iii) the Tenant’s Proportionate Share of the Realty Taxes, estimated for 2018 to be \$42,750.54 per annum, payable in monthly installments of \$3,562.55 per month (which amount is estimated based on the \$334,312.57 2018 assessment of Realty Taxes, but subject to adjustment annually);

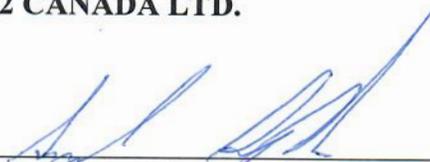
6. The parties hereto accept the terms and conditions of this Lease Amending Agreement. In all other respects, the terms and conditions of the Original Lease are hereby ratified and confirmed.

7. This agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed and delivered either in original form, by facsimile, or in electronic form as a “.pdf” or “.tif” file, and the parties agree to adopt any signatures received by a receiving facsimile machine or as a “.pdf” or “.tif” file as original signatures of the parties, provided, however, that any party providing its signature by facsimile or in electronic form promptly shall forward to the other party an original of the signed copy of the Lease Amending Agreement that was sent by facsimile or in electronic form.

[signature page to follow]

IN WITNESS WHEREOF the parties hereto have executed this Lease Amending Agreement by the hands of their respective officers duly authorized in that behalf as of the date first above written.

6599362 CANADA LTD.

Per: 
Name: Andrew DeFehr
Title: Secretary

DELTA 9 BIO-TECH INC.

Per: _____
Name:
Title:

[signature page to Lease Amending Agreement between 6599362 Canada Ltd. and Delta 9 Bio-Tech Inc.]

IN WITNESS WHEREOF the parties hereto have executed this Lease Amending Agreement by the hands of their respective officers duly authorized in that behalf as of the date first above written.

6599362 CANADA LTD.

Per: _____
Name:
Title:

DELTA 9 BIO-TECH INC.

Per: _____
Name: *John Asbutand*
Title: *CEO*

[signature page to Lease Amending Agreement between 6599362 Canada Ltd. and Delta 9 Bio-Tech Inc.]

Schedule "B"

Consent and Agreement

In consideration of the payment of ten dollars (\$10.00) by CFCU to the Landlord, and for other valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Landlord hereby consents to the within Mortgage of Lease by Way of Sublease and agrees with CFCU that:

1. It hereby acknowledges receipt of a copy of the Mortgage of Lease by Way of Sublease to which this Consent and Agreement is attached.
2. Concurrently with providing notice of any default under the Lease to the Mortgagor, the Landlord shall give CFCU notice of any default under the Lease and, notwithstanding any such default, CFCU shall have the right, but not the obligation, within twenty (20) days of the receipt of such written notice to: (i) remedy all such defaults; or (ii) remedy all such defaults and, by written notice to the Landlord, assume the Lease upon the same terms and conditions as applied in the case of the Mortgagor. CFCU may at any time thereafter terminate any further obligations of CFCU pursuant to the Lease by giving the Landlord one (1) month written notice of its intention to so terminate its obligations.
3. Notwithstanding any provision of the Lease to the contrary, if the Lease is assumed by CFCU in accordance with and to the extent provided by the foregoing section of in the Mortgage of Lease by Way of Sublease to which this Consent and Agreement is attached, CFCU may attempt to locate a tenant to replace the Mortgagor as tenant of the Leased Premises and submit any proposed assignee of the Lease to the Landlord for the Landlord's consent thereto, in accordance with the provisions of the Lease (including without limitation, the Landlord's ability to terminate the Lease at its option pursuant to Section 5.02 of each of the leases set forth on Schedule "A"), which consent shall not otherwise be unreasonably withheld. Subject to the provisions of Section 5.02 thereof, any such assignment of Lease to such assignee shall not, in and of itself, terminate the Lease. Upon assignment of the Lease to such assignee, all obligations of CFCU to the Landlord under this Agreement and under the Lease shall cease. If CFCU has obtained a mortgage of the Lease from such assignee, the provisions of this Agreement shall thereafter apply to that mortgage of lease, with the assignee substituted as Mortgagor hereunder.
4. If the Mortgagor defaults under the terms of any of the agreements between the Mortgagor and CFCU and CFCU intends to demand payment and realize on its security (a "Financing Default"), CFCU shall notify the Landlord within thirty (30) days of the Financing Default of CFCU's intentions in connection with the Leased Premises, and the Landlord shall allow CFCU or any receiver and manager or agent appointed pursuant to CFCU's security:
 - (a) to enter into or remain in possession of the Leased Premises in accordance with Section 2 of this Consent and Acknowledgement (including the remedy of any outstanding default under the Lease);
 - (b) to assign all the Mortgagor's right (prior to forfeit of the Lease), title and interest in and to the Lease and the Leased Premises to any assignee (subject to Section 5.02 of the

applicable lease, with the consent of the Landlord with respect to such assignee, which consent shall not be unreasonably withheld). Upon assignment of the Lease to such assignee, all obligations of CFCU to the Landlord in respect of such Lease, if any, shall cease; and/or

- (c) to enter into the Leased Premises and remove any and all chattels/fixtures of the Mortgagor over which CFCU has a security interest.

5. Notwithstanding anything to the contrary contained in the Lease, the Landlord hereby consents to the registration of the Lease by way of caveat (in such form and content as approved by the Landlord acting reasonable, provided that no financial details of the Lease are disclosed therein) and a caveat giving notice of the Mortgage of Lease by Way of Sublease to which this Consent and Agreement is attached against title to the Leased Premises.

6. The Landlord hereby subordinates any interest which it may now have or hereafter acquires in the chattels/fixtures to and in favour of CFCU's present and future interest therein and, as against CFCU, releases any right to distrain the chattels/fixtures.

7. The Landlord will notify any purchaser of the Leased Premises and any subsequent landlord or other encumbrance holder of the existence of this Consent and Agreement, which shall be binding upon the successors, transferees or assignees of the Landlord and shall inure to the benefit of the successors and assigns of CFCU.

8. Upon any sale, lease, transfer or other disposition of the Leased Premises, the Landlord shall arrange for an instrument in writing to be executed by any purchaser of the Leased Premises, which instrument shall acknowledge that such purchaser shall observe each of the obligations under this Consent and Acknowledgement as though it were an initial party.

9. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Mortgage of Lease by Way of Sublease to which this Consent and Agreement is attached.

10. Any notice or other communication required or permitted to be made or given shall be in writing and shall be deemed sent three (3) days after being sent by courier to the address specified below:

If to the Landlord:
6599362 Canada Ltd.
c/o 125 Furniture Park
Winnipeg, MB R261B9
Attention: President

If to CFCU:
P.O. Box 908
Calgary, AB T2P 2J6

[Signature page follows.]

DATED the 22 day of March, 2022.

6599362 CANADA LTD.

Per: 
Name: Irene Loewen
Title: President